
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Motion Telecom International Limited (the “Company”), you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

The Company has a primary listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), and a secondary listing on the Singapore Exchange Securities Trading Limited (the “SGX-ST”). As the Company has a secondary listing on the SGX-ST, it is not required to comply with the continuing listing requirement under the Listing Manual of the SGX-ST.

The Stock Exchange and the SGX-ST take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



潤 迅 通 信 國 際 有 限 公 司*

China Motion Telecom International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF NEW SHARES:

ACQUISITION OF GRAND PROMISE INTERNATIONAL LIMITED

A letter from the board of directors of the Company is set out on pages 5 to 15 of this circular.

A notice convening a special general meeting of the Company to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 13 February 2007 at 10:30 a.m. is set out on pages 22 to 23 of this circular. If you are not able to attend the special general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the special general meeting or any adjournment thereof (as the case may be) should you so wish.

24 January 2007

* For identification purpose only

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
Introduction	5
The Heads of Agreement	6
Reasons for, and benefits of, the Acquisition	11
Financial effect	12
Effect on shareholding structure of the Company	12
Fund raising activities of the Company in the past 12 months	13
SGM	13
Demand by poll	14
Recommendation	14
General	15
Appendix – General Information	16
Notice of SGM	22
Accompanying document(s):	
– Proxy form	

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Acquisition”	the acquisition by the Purchaser of the entire issued share capital of GPIL and the entire shareholder loan due from GPIL (and, if any, from its subsidiaries) to the Vendor pursuant to the terms of the Heads of Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Beijing Culture Investment”	北京中文發文化投資管理有限公司 (Beijing Chinese Cultural Development – Culture Investment and Management Company Limited*), a company established in the PRC and owned as to 44.44% by the Cultural Market Development Centre and 55.56% by other third party investors
“Birdview”	Birdview Group Limited, an investment holding company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of GPIL
“Board”	the board of directors of the Company
“Company”	China Motion Telecom International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are primarily listed and traded on the Stock Exchange and secondarily listed and traded on the SGX-ST
“Completion”	the completion of the Acquisition
“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Consideration”	the consideration to be paid by the Group to the Vendor for the purchase of the entire issued share capital of GPIL and the entire shareholder loan due from GPIL (and, if any, from its subsidiaries) to the Vendor
“Consideration Shares”	a maximum of 200,000,000 new Shares (subject to adjustment) to be issued by the Company at an issue price of HK\$0.60 per Share as part of the Consideration

DEFINITIONS

“Controlling Shareholder”	Marvel Bonus Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and a controlling shareholder of the Company
“Cultural Market Development Centre”	文化部文化市場發展中心 (Cultural Market Development Centre of the Ministry of Culture*) under the Ministry of Culture of the PRC (中華人民共和國文化部)
“Director(s)”	the director(s) of the Company
“Exclusive Authorisation”	the exclusive authorisation letter issued by the Cultural Market Development Centre to the JV on 28 November 2006, pursuant to which, the JV is exclusively authorised to develop and operate the System
“GPIL”	Grand Promise International Limited, an investment holding company incorporated in the British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Vendor
“GPIL Group”	GPIL, Birdview and the JV
“Group”	the Company and its subsidiaries
“Heads of Agreement”	the legally binding heads of agreement dated 2 January 2007 entered into between the Purchaser and the Vendor under which the Group conditionally agreed to acquire the entire issued share capital of GPIL and the entire shareholder loan due from GPIL (and, if any, from its subsidiaries) to the Vendor
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV”	北京中文發數字科技有限公司 (Beijing Chinese Cultural Development Digital Technology Company Limited*), a sino-foreign equity joint venture enterprise established in the PRC and owned as to 49% by Birdview and 51% by Beijing Culture Investment

DEFINITIONS

“Latest Practicable Date”	18 January 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	Prime Target International Limited, a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 13 February 2007 at 10:30 a.m. or any adjournment thereof for the purpose of considering and, if thought fit, approving the Heads of Agreement, the Acquisition and the transactions contemplated thereunder, including the issue and allotment of the Consideration Shares
“SGX-ST”	the Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

DEFINITIONS

“System”	“全國卡拉OK內容管理服務系統”，a nationwide karaoke content administration system, being launched by the JV in the PRC pursuant to the Exclusive Authorisation and providing an online electronic market and information platform services under which karaoke operators subscribing to the system can access, select, play and purchase selected songs and other musical works “on demand” from the database maintained on the platform by the relevant rightful owners
“Vendor”	Best Delight Group Limited, an investment holding company incorporated in the British Virgin Islands with limited liability
“%”	percentage or per centum

For the purpose of illustration only, amounts denominated in RMB in this circular have been translated into HK\$ at the rate of RMB1.02 = HK\$1.00. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.

* *The unofficial English transliterations or translations are for identification purposes only.*

LETTER FROM THE BOARD



潤迅通信國際有限公司*

China Motion Telecom International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

Executive Directors:

Mr. Ting Pang Wan, Raymond (*Chairman*)

Mr. Wu Chi Chiu (*Deputy Chairman*
and Chief Executive Officer)

Ms. Fan Wei

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Mr. Huang An Guo

Mr. Lo Chi Ho, William

Ms. Wong Fei Tat

Head Office and Principal

Place of Business:

Room 2604-08, 26th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

24 January 2007

To the Shareholders and,

for information purposes only, the holders of share options

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF NEW SHARES:

ACQUISITION OF GRAND PROMISE INTERNATIONAL LIMITED

INTRODUCTION

The Board announced on 3 January 2007 that the Group had on 2 January 2007, through the Purchaser, entered into the legally binding Heads of Agreement with the Vendor, pursuant to which the Vendor conditionally agreed to sell, and the Purchaser conditionally agreed to purchase the entire issued share capital of GPIL and the entire shareholder loan due from GPIL (and, if any, from its subsidiaries) to the Vendor. The total consideration for the Acquisition is HK\$240 million (subject to adjustment), of which (i) HK\$120 million will be paid by the Group in cash; and (ii) the remaining HK\$120 million will be satisfied by the issue and allotment of the Consideration Shares.

* For identification purpose only

LETTER FROM THE BOARD

Completion of the Acquisition is conditional on, amongst other things, approval by the Shareholders at the SGM, at which a specific approval from the Shareholders will be sought for the Company to issue and allot the Consideration Shares pursuant to Rule 13.36(1)(a)(i) of the Listing Rules. No Shareholder is required to abstain from voting at the SGM under the Listing Rules. The main purpose of this circular is to provide you with further particulars of the Acquisition and to give you the notice of the SGM.

THE HEADS OF AGREEMENT

Date:

2 January 2007

Parties:

1. The Vendor, as the seller. The Vendor is an investment holding company incorporated in the British Virgin Islands with limited liability. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its sole ultimate beneficial owner are third parties independent of the Company and connected persons of the Company. The Group did not have any transactions with the Vendor or its beneficial owner over the past 12 months.
2. The Purchaser, a wholly-owned subsidiary of the Company, as the purchaser.

Asset to be acquired:

The entire issued share capital of GPIL and the entire shareholder loan due from GPIL (and, if any, from its subsidiaries) to the Vendor, which amounted to approximately HK\$48 million as at the date of the Heads of Agreement. Based on the unaudited consolidated management accounts of GPIL made up to 31 October 2006 prepared on basis consistent with Hong Kong generally accepted accounting practice and principles, GPIL's unaudited consolidated net asset value was approximately HK\$231,642 as at 31 October 2006, and its consolidated net profits (both before and after taxation and extraordinary items) were approximately HK\$231,634 for the period from 25 August 2006 (being the date of incorporation of GPIL) to 31 October 2006.

Information on GPIL Group:

GPIL is an investment holding company incorporated in the British Virgin Islands with limited liability and is wholly-owned by the Vendor. GPIL indirectly owns 49% of the equity interest in the JV. Based on the information provided by the Vendor, apart from its 49% equity interest in the JV, GPIL does not have any other investment or operation.

LETTER FROM THE BOARD

JV is a sino-foreign equity joint venture enterprise established in the PRC. Its registered capital of RMB100,000,000 (about HK\$98 million) is currently owned as to 49% by Birdview, a wholly-owned subsidiary of GPIL, and 51% by Beijing Culture Investment. Beijing Culture Investment is in turn owned as to 44.44% by the Cultural Market Development Centre, which is under the administration of the Ministry of Culture of the PRC (中華人民共和國文化部), and the remaining 55.56% by other investors who, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are third parties independent of the Company and connected persons of the Company.

Under the current business licence of the JV, the business scope of the JV is research and development of software and information technology products; system integration; provision of technological consultation and services; and sale of self-developed products. Pursuant to the Exclusive Authorisation issued by the Cultural Market Development Centre to the JV, the JV is exclusively authorised to develop and operate a nationwide karaoke content administration system in the PRC (known as “全國卡拉OK內容管理服務系統”), providing an online electronic market and information platform services under which karaoke operators subscribing to the System can access, select, play and purchase selected songs and other musical works “on demand” from the database maintained on the platform by the relevant rightful owners. Since the System is still in its stage of final testing, no profit has been recorded in the accounts of the JV. However, based on the information provided by the Vendor, it is expected that the System can commence operation in or around the second half of 2007.

Consideration:

The Consideration for the Acquisition is HK\$240 million and will be subject to adjustment and satisfied by the Group as follows:

- (a) HK\$120 million will be paid by the Group in cash at Completion; and
- (b) the remaining balance (the “Retained Consideration”) of HK\$120 million (subject to adjustment below) will be satisfied by the Company issuing and allotting the Consideration Shares at the fixed issue price of HK\$0.60 per Consideration Share, such allotment to be made within one month from the determination of the number of Consideration Shares currently expected to be in or around the first quarter of 2008.

The Consideration has been arrived at after arm's length negotiations between the parties after taking into account (i) the capital contribution made by Birdview towards the JV; and (ii) the estimated gross revenue of the JV for the year 2007.

LETTER FROM THE BOARD

The Company intends to fund the cash component of the Consideration by internal resources of the Group. The amount of the Retained Consideration is subject to adjustment, and calculated by reference to, the number of the Consideration Shares falling to be issued finally. The Consideration Shares will be 200,000,000 Shares at maximum, which shall be scaled down proportionately if and to the extent that the gross revenue of the JV attributable to the operation of the System in 2007 (deemed to be the product of (i) 4 and (ii) the actual gross revenue of the JV attributable to the operation of the System in October, November and December of 2007) falls short of the target annual amount of RMB292,000,000 (about HK\$286 million).

The Consideration Shares will be issued at the fixed issue price of HK\$0.60 per Share, representing:

- (a) a discount of approximately 15.49% to the closing price of HK\$0.71 per Share as quoted on the Stock Exchange on 2 January 2007, being the date of the Heads of Agreement;
- (b) a discount of approximately 16.43% to the average closing price of HK\$0.718 per Share as quoted on the Stock Exchange for the last five trading days up to and including the date of the Heads of Agreement;
- (c) a discount of approximately 13.42% to the average closing price of HK\$0.693 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the date of the Heads of Agreement;
- (d) a discount of approximately 7.26% to the average closing price of HK\$0.647 per Share as quoted on the Stock Exchange for the last three months up to and including the date of the Heads of Agreement;
- (e) a premium of approximately 498.8% over the audited consolidated net asset value per Share of approximately HK\$0.1002 as at 31 March 2006;
- (f) a premium of approximately 417.24% over the unaudited consolidated net asset value per Share of approximately HK\$0.116 as at 30 September 2006; and
- (g) a premium of approximately 17.65% over the closing price of HK\$0.51 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The issue price of HK\$0.60 per Consideration Share was arrived at by the Vendor and the Purchaser after taking into account the trading prices of the Shares over the past 3 months up to and including the date of the Heads of Agreement.

LETTER FROM THE BOARD

The maximum number of Consideration Shares to be issued by the Company pursuant to the terms of the Heads of Agreement is 200,000,000, and is equal to approximately 8.51% of the existing issued share capital of the Company and approximately 7.84% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. A specific approval from the Shareholders will be sought at the SGM to issue and allot the Consideration Shares pursuant to Rule 13.36(1)(a)(i) of the Listing Rules. An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

The current mandate for issuing new Shares granted at the annual general meeting of the Company on 25 August 2006 has not yet been used, and allows the Company to issue up to 110,095,114 Shares.

In agreeing to the Consideration in the total sum of HK\$240 million, the Company also took into account the following principal factors:

- (a) that the HK\$240 million Consideration represents a multiple of about 1.7 times HK\$140 million (being the Group's 49% indirect percentage interest in the HK\$286 million estimated annual gross revenue of the JV for the year ending 31 December 2007, as provided by the Vendor mentioned above);
- (b) that the settlement structure of the Consideration for the Acquisition has already capped the capital outlay of the Group by limiting the cash portion to 50%; and that the remaining 50% to be settled by the Consideration Shares is subject to the JV meeting the above revenue performance target together with the above scale-down adjustment arrangements;
- (c) that one of the conditions precedent to Completion is that the Vendor will further need to substantiate the basis of calculation of the revenue from the System to the reasonable satisfaction of the Group as mentioned below; and
- (d) that the Vendor has already fully paid its 49% capital contribution (about HK\$48 million) in the registered capital of the JV.

Conditions precedent and completion:

Completion is conditional upon the fulfillment (and, if applicable, waiver) of the conditions precedent set out in the Heads of Agreement as summarised below:

- (a) the Purchaser being reasonably satisfied with its due diligence exercise on the financial, legal and other aspects of the GPIL Group;

LETTER FROM THE BOARD

- (b) a legal opinion issued by a PRC lawyer in respect of the validity and legality of the Exclusive Authorisation and the legal, financial and tax aspects of the JV and its business together with further particulars of the rights and obligations of the shareholders of the JV;
- (c) the Listing Committee of the Stock Exchange granting its approval to the listing of, and permission to deal in, the Consideration Shares;
- (d) a detailed and formal sale and purchase agreement on the Acquisition (containing detailed warranties and representations typical of transactions of this type, including those on unencumbered interests in the issued share capital of GPIL and the shareholder loan to be assigned under the Acquisition, financial position of the Group and absence of material litigation) entered into by the Vendor, the Purchaser and the Vendor's shareholder as guarantor of the Vendor and the Company as guarantor of the Purchaser;
- (e) all consents, approvals and waivers required from the Ministry of Culture of the PRC, and other relevant ministries, commissions, bureaus and other administrative bodies in the PRC government under the Exclusive Authorisation for the transactions contemplated under the Heads of Agreement having been obtained;
- (f) the Purchaser being reasonably satisfied with basis of calculation of the revenue receivable by the JV from successful transactions made on the System, and that the payment gateway for recording and collection of such fees is validly operating free from defects and to a standard to the reasonable satisfaction of the Purchaser;
- (g) all necessary approvals and consents from the State Council of the PRC having been obtained for the establishment, implementation and operation of the System;
- (h) all necessary consents and approvals required to be obtained on the part of the Vendor in respect of the Heads of Agreement and the formal sale and purchase agreement and the transactions contemplated thereunder having been obtained; and
- (i) the passing of the necessary resolution(s) by the Shareholders at the SGM to approve the Heads of Agreement, the Acquisition and the transactions contemplated thereunder, including without limitation the issue and allotment of the Consideration Shares.

LETTER FROM THE BOARD

The parties shall use their respective best efforts to procure fulfillment of the conditions precedent set out above. The Purchaser shall have right to waive any respect of the conditions in paragraphs (a), (b) and (f) above in its discretion. If the conditions precedent are not fulfilled or waived on or before the Completion Date, the Heads of Agreement shall automatically cease to have effect and void and no party shall have any further rights or liabilities towards each other unless otherwise provided for in the Heads of Agreement. As at the Latest Practicable Date, none of the above conditions precedent had been fulfilled.

Subject to fulfillment or waiver (as the case may be) of the conditions precedent set out above, Completion shall take place on the first business day falling three months from the date of the Heads of Agreement, that is 2 April 2007 (or such other date as the Vendor and the Purchaser may mutually agree in writing).

The Company has no present intention to change the composition of the Board and there is no provision in the Heads of Agreement that the Vendor has a right to nominate any representative to the Board.

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The Group is principally engaged in the provision of international telecommunications services, mobile communications services and distribution and retail chain. As stated in the composite document jointly issued by Marvel Bonus Holdings Limited and the Company on 23 October 2006, subject to the result of the review of the business operation and financial position of the Group, the Group may consider diversifying its business to broaden its income source should suitable investment or business opportunities arise. The Acquisition offers such a suitable opportunity for the Group to diversify its business and broaden its income base.

Karaoke market has been developing very rapidly in the PRC. According to the information provided to the Group, there are approximately 100,000 karaoke operators in the PRC at present. To better regulate and supervise this market and to reinforce copyright protection of songs and musical works in the karaoke market in the PRC, the Ministry of Culture of the PRC promulgated its policy in August 2006 to introduce the System so as to establish, through information technology, a centralised karaoke content administration system to effectively outlaw pirated songs and musical works in such operators and to facilitate transactions between such operators and the copyright owners across the PRC. The Directors believe that this major project, under the auspices of the Ministry of Culture of the PRC, would bring about a stable and significant income stream for the Group. Having taking into account the above factors, the Directors (including the independent non-executive Directors) consider the terms of the Heads of Agreement, including the Consideration, to be fair and reasonable and are on normal commercial terms and that the entering into of the Heads of Agreement is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

FINANCIAL EFFECT

After Completion, GPIL and Birdview will be consolidated in the group financial statements of the Group, and the Group's indirect investment in the JV will be accounted for using equity method, in such financial statements, respectively. The Group's cash will decrease by the amount of the cash consideration funded from internal resources, and the shareholders' equity will increase by the amount of the Consideration Shares issued for the Acquisition. The Directors expect there will be a positive impact on the profit attributable to the Shareholders in the long run.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The effect of the Acquisition on the shareholding structure of the Company (assuming that 200,000,000 Consideration Shares are issued pursuant to the terms of the Heads of Agreement) is as follows:

	Shareholding before the Acquisition		Shareholding after the Acquisition			
	<i>No. of Shares</i>	<i>(%)</i>	<i>No. of Shares</i>	<i>(%)</i>	<i>No. of Shares</i>	<i>(%)</i>
Controlling Shareholder	1,755,000,000	74.67			1,755,000,000	68.81
Vendor	–	–	200,000,000	7.84		
Public (existing)	595,475,573	25.33	595,475,573	23.35		
Public (enlarged)	–	–			795,475,573	31.19
Total	<u>2,350,475,573</u>	<u>100.00</u>			<u>2,550,475,573</u>	<u>100.00</u>

Note: The Shares held by public as enlarged after Completion will include those Consideration Shares finally issued to the Vendor under the Acquisition.

The Acquisition will not result in a change of control of the Company.

LETTER FROM THE BOARD

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Date of announcement	Event	Amount raised	Intended use of proceeds	Actual use of proceeds
1 August 2006	Placing of 25,000,000 new Shares at HK\$0.189 each	Approximately HK\$4.7 million	General working capital of the Group	General working capital purposes
8 September 2006	Issue of 1,800,000,000 new Shares at HK\$0.02 each to the Controlling Shareholder	Approximately HK\$36 million	General working capital of the Group	General working capital purposes

SGM

The notice of the SGM is set out on pages 22 to 23 of this circular. A form of proxy for the SGM is enclosed. If you are not able to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it as follows:

- (i) in case of those members registered on the principal register: at the office of the Company's Singapore share transfer agent, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 8 Cross Street, #11-00 PWC Building, Singapore 048424; and
- (ii) in case of those members registered on the Hong Kong branch register: at the office of the Company's Hong Kong branch share registrar, at Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong,

in both cases, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

No Shareholder or its associates have any material interest in the Acquisition and are required to abstain from voting at the SGM under the Listing Rules.

LETTER FROM THE BOARD

DEMAND BY POLL

Pursuant to bye-law 65 of the Company's bye-laws, a resolution put to the vote of a general meeting shall be decided on a show of hands unless a poll is required under the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting;
- (b) by at least three Shareholders present in person or by a duly authorised corporate representative or by proxy for the time being entitled to vote at the meeting;
- (c) by a Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting;
- (d) by a Shareholder or Shareholders present in person or by a duly authorised corporate representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right;
or
- (e) under the circumstances as required or recommended by the Listing Rules, by the chairman of a meeting and/or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

A demand by a person as proxy for a Shareholder or by its duly authorised corporate representative shall be deemed to be the same as demand by a Shareholder.

RECOMMENDATION

The Board considers that the Heads of Agreement is on normal commercial terms and is fair and reasonable and the entering into of the Heads of Agreement is in the interests of the Company and the Shareholders as a whole and accordingly, recommends all Shareholders to attend and vote in favour of the ordinary resolution(s) set out in the notice of the SGM.

LETTER FROM THE BOARD

GENERAL

Your attention is also drawn to the general information set out in the Appendix to this circular.

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

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

SHARE CAPITAL OF THE COMPANY

The authorised and issued share capital of the Company as at the Latest Practicable Date were as follows:

<i>Authorised:</i>		<i>HK\$'000</i>
<u>78,000,000,000</u> Shares		<u>780,000</u>
<i>Issued as fully paid:</i>		
<u>2,350,475,573</u> Shares		<u>23,505</u>

DISCLOSURE OF INTERESTS**(a) Directors and chief executive**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such

provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) *Interests in shares, underlying shares and debentures of the Company*

Name of Director	Nature of interest	Position	No. of Shares held	Approximate shareholding percentage
Mr. Ting Pang Wan, Raymond	Corporate (Note)	Long	1,755,000,000	74.67%

Note: The corporate interest of Mr. Ting Pang Wan, Raymond is beneficially owned by Marvel Bonus Holdings Limited, the entire issued share capital of which is owned as to 50% by Integrated Asset Management (Asia) Limited and as to the remaining 50% by Shanghai Assets (BVI) Limited. Shanghai Assets (BVI) Limited is wholly and beneficially owned by Mr. Ting. Mr. Ting is therefore deemed to be interested in the 1,755,000,000 Shares held by Marvel Bonus Holdings Limited. Mr. Ting is also a director of Marvel Bonus Holdings Limited and a director of Shanghai Assets (BVI) Limited.

(ii) *Interests in shares, underlying shares and debentures of associated corporation of the Company*

Name of Director	Name of associated corporation	Relationship with the Company	Nature of interest	Position	No. of share held	Approximate shareholding percentage
Mr. Ting Pang Wan, Raymond	Marvel Bonus Holdings Limited	Holding company of the Company	Corporate (Note)	Long	1	50.00%

Note: The corporate interest of Mr. Ting Pang Wan, Raymond in Marvel Bonus Holdings Limited is beneficially owned by Shanghai Assets (BVI) Limited. Shanghai Assets (BVI) Limited is wholly and beneficially owned by Mr. Ting. Mr. Ting is therefore deemed to be interested in the 1 share held by Shanghai Assets (BVI) Limited in Marvel Bonus Holdings Limited.

Save as disclosed above, as at the Latest Practicable Date:

- (i) none of the Directors or chief executive of the Company held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange; and
- (ii) none of the Directors or chief executive of the Company was a director or employee of a company which had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Substantial Shareholders

As at the Latest Practicable Date, according to the register of interests kept by the Company under Section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had the following interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of interest	Position	No. of Shares held	Approximate shareholding percentage
Yam Tak Cheung	Corporate (<i>Note</i>)	Long	1,755,000,000	74.67%
Integrated Asset Management (Asia) Limited	Corporate (<i>Note</i>)	Long	1,755,000,000	74.67%
Shanghai Assets (BVI) Limited	Corporate (<i>Note</i>)	Long	1,755,000,000	74.67%
Marvel Bonus Holdings Limited	Beneficial owner	Long	1,755,000,000	74.67%

Note: Marvel Bonus Holdings Limited is owned as to 50% by Integrated Asset Management (Asia) Limited and as to the remaining 50% by Shanghai Assets (BVI) Limited. Integrated Asset Management (Asia) Limited and Shanghai Assets (BVI) Limited are therefore deemed to be interested in the 1,755,000,000 Shares held by Marvel Bonus Holdings Limited. Integrated Asset Management (Asia) Limited is in turn wholly and beneficially owned by Mr. Yam Tak Cheung. Mr. Yam is therefore also deemed to be interested in the 1,755,000,000 Shares held by Marvel Bonus Holdings Limited.

According to the register of interests kept by the Company under Section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, save as disclosed above, there were no other persons (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or in any option in respect of such capital.

(c) Interests in other members of the Group

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital (including any option in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Name of non-wholly owned subsidiaries of the Company	Approximate shareholding percentage
China Motion Telecom Holdings Limited (潤迅通信集團有限公司)	Guangzhou Motion Telecom Service Co., Ltd. (廣州潤迅科技服務有限公司)	30%
	Shenzhen Motion Mobile Telecom Services Co., Ltd. (深圳潤迅移動技術服務有限公司)	10%
	Shenzhen Motion Telecom Service Co., Ltd. (深圳潤迅科技服務有限公司)	30%
Guangdong Mobile Communication Company Limited (廣東移動通信有限責任公司)	China Motion United Telecom Limited	30%

Name of shareholder	Name of non-wholly owned subsidiaries of the Company	Approximate shareholding percentage
Shenzhen China Motion Telecom United Company Limited (深圳市潤迅通信聯合有限公司)	Shenzhen Motion Trunked Radio Co., Ltd. (深圳潤迅集群通信技術有限公司)	30%
上海商凱通信產品連鎖銷售有限公司	Zhengzhou Shang Kai Telecom Services Co., Ltd. (鄭州商凱通訊科技服務有限公司)	33.33%

LITIGATION

With reference to the announcement of the Company dated 25 August 2006, the Board announced that on 24 August 2006, one of the operating subsidiaries of the Company, namely, China Motion Telecom (HK) Limited (“CMTHK”) received from a supplier of the Company (the “Trade Creditor”) a letter before action (the “Letter Before Action”), alleging that CMTHK 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 CMTHK for recovery thereof without further notice. On 12 September 2006, the Company has issued a reply letter to the Trade Creditor to negotiate the repayment terms and schedule. Under subsequent negotiations made between the parties, there was a material dispute on the Alleged Sum and both parties agreed to reconcile their accounting records and to finalise the amount as soon as practicable. Meanwhile, the business between the parties had not been affected and traded normally at a continual basis. No court documents issued by or on behalf of the Trade Creditor in furtherance of the Letter before Action has been received by the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any of its subsidiaries other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is situated at Room 2604-08, 26th Floor, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong.
- (b) The principal share registrar of the Company is Butterfield Fund Services (Bermuda) Limited at Rosebank Centre, 11 Bermudiana Road, Pembroke HM08, Bermuda.
- (c) The Hong Kong branch share registrar of the Company is Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The share transfer agent of the Company in Singapore is Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 8 Cross Street, #11-00 PWC Building, Singapore 048424.
- (e) The secretary of the Company is Ms. Chan Siu Mei, *ACS and ACIS*.
- (f) The qualified accountant of the Company is Ms. Lung Yuet Kwan, *HKICPA*.
- (g) The English text of this circular shall prevail over the Chinese text in case of inconsistency.

NOTICE OF SGM



潤 迅 通 信 國 際 有 限 公 司*

China Motion Telecom International Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 989)

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of China Motion Telecom International Limited (the “Company”) will be held at Plaza V, Lower Lobby, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 13 February 2007 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the heads of agreement dated 2 January 2007 (the “Heads of Agreement”), a copy of which has been produced to the meeting marked “A” and initialed by the chairman of the meeting for the purpose of identification, between Prime Target International Limited (the “Purchaser”), a wholly-owned subsidiary of the Company, as purchaser and Best Delight Group Limited (the “Vendor”) as vendor under which the Purchaser conditionally agreed to acquire the entire issued share capital of Grand Promise International Limited (“GPIL”) and the entire shareholder loan due from GPIL (and, if any, from its subsidiaries) to the Vendor at a total consideration of HK\$240 million (subject to adjustment), upon the terms and conditions therein contained, be and is hereby approved, confirmed and ratified and the transactions contemplated under the Heads of Agreement be and are hereby approved, confirmed and ratified;
- (b) the issue and allotment of up to 200,000,000 new shares in the capital of the Company as part of the consideration payable under the Heads of Agreement be and is hereby approved; and
- (c) any one director of the Company be and is hereby authorised on behalf of the Company to do all acts and things and to make, execute and deliver all instruments, agreements and documents, whether under the common seal of the Company or otherwise, as he/she may in his/her absolute discretion consider necessary or desirable for the purpose of or in connection with the carrying out of, or giving effect to, the Heads of Agreement and all transactions contemplated thereunder.”

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

Hong Kong, 24 January 2007

* *For identification purpose only*

NOTICE OF SGM

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business:

Room 2604-08, 26th Floor
Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Notes:

1. With the exception of The Central Depository (Pte) Limited and Hong Kong Securities Clearing Company Limited (who may appoint more than two proxies), a member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.
2. To be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's share transfer agent or branch share registrar as follows:
 - (i) in case of those members registered on the principal register: at the office of the Company's Singapore share transfer agent, Tricor Barbinder Share Registration Services (A division of Tricor Singapore Pte. Ltd.) at 8 Cross Street, #11-00 PWC Building, Singapore 048424; and
 - (ii) in case of those members registered on the Hong Kong branch register: at the office of the Company's Hong Kong branch share registrar, at Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong,in both cases, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
3. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the SGM or any adjournment thereof and in such event, the form of proxy will be deemed to be revoked.
4. As at the date hereof, the executive directors of the Company are Mr. Ting Pang Wan, Raymond, Mr. Wu Chi Chiu and Ms. Fan Wei and the independent non-executive directors are Mr. Huang An Guo, Mr. Lo Chi Ho, William and Ms. Wong Fei Tat.