

DISCLOSEABLE TRANSACTION

On 6 August 2004, Sheen Sino, an indirect wholly-owned subsidiary of the Company entered into the Provisional Agreement with, among others, the Purchaser, an Independent Third Party to dispose of the Property at the consideration of HK\$22,000,000.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Disposal will be sent to the Shareholders as soon as reasonably practicable.

THE PROVISIONAL AGREEMENT DATED 6 AUGUST 2004

Parties:

- Vendor : Sheen Sino, an indirect wholly-owned subsidiary of the Company
- Purchaser : a company, which and its beneficial owners, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are Independent Third Parties
- Property agent : a company, which and its beneficial owners, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, are Independent Third Parties

Property

Shop B2, Ground Floor, Lai Yuen Apartments, Nos.29, 31 & 33 Lee Garden Road, Nos.78, 80 & 82 Percival Street, No.59 Russell Street, Hong Kong.

Consideration

The consideration for the Disposal of HK\$22,000,000 was arrived at after arm’s length negotiation between Sheen Sino and the Purchaser by reference to the current market value of similar properties in the market in the same area. The Company has not conducted any independent valuation on the Property. The consideration for the Disposal shall be satisfied by the Purchaser in cash as follows:

- (a) HK\$300,000, being the initial deposit, paid by the Purchaser upon signing of the Provisional Agreement;
- (b) HK\$1,900,000, being the further deposit, payable by the Purchaser upon signing of the formal agreement for sale and purchase on or before 6 September 2004; and
- (c) HK\$19,800,000, being the balance, payable by the Purchaser upon completion on or before 6 November 2004.

The initial deposit and the further deposit in the total sum of HK\$2,200,000 shall be paid to Sheen Sino’s solicitors as stakeholders who may release the same to Sheen Sino provided that the balance of the consideration is sufficient to discharge the existing legal charge/ mortgage and the title deeds of the Property shall have been approved and accepted by the Purchaser’s solicitors. The consideration is sufficient to cover the existing mortgage.

Principal Terms

Completion of the sale and purchase of the Property shall take place on or before 6 November 2004.

The Property shall be sold on an “as is” basis free from encumbrances subject to a tenancy to CM Concept, an indirect wholly-owned subsidiary of the Company at the prevailing market rent for a term of 2 years commencing from 7 November 2004. The Directors consider the terms of the tenancy are fair and reasonable and in the interests of the Shareholders as a whole.

In consideration of the services rendered by the Property Agent, the Property Agent shall receive a sum of HK\$220,000 from each of Sheen Sino and the Purchaser as commission.

REASONS FOR THE DISPOSAL

The Property was acquired by the Group in 1997 and is currently being used by CM Concept as a retail shop for telecommunications products and services. CM Concept will continue to operate its business at the Property upon completion of the Disposal. As investment in real properties is not a core business of the Group, the Directors consider that the Disposal will enable the Group to focus its resources in the provision of international telecommunications services, mobile communications services and distribution and retail chain services. The Directors further consider the terms of the Disposal (including the consideration) are fair and reasonable and in the interests of the Shareholders as a whole.

The net book value of the Property is HK\$11,283,000 as at 31 July 2004. It is estimated that, upon completion of the Disposal, the Group will record a profit of approximately HK\$10,717,000 before deducting the relevant expenses.

USE OF PROCEEDS

The net sale proceeds of approximately HK\$21,765,000 from the Disposal will be used as working capital of the Group.

INFORMATION ON THE GROUP AND THE PURCHASER

The Group is principally engaged in the provision of international telecommunications services, mobile communications services and distribution and retail chain services.

To the best knowledge of the Directors, the Purchaser is an investment holding company.

GENERAL

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Disposal will be sent to the Shareholders as soon as reasonably practicable.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms shall have the following meanings:

- “associate(s)” has the meaning ascribed to it under the Listing Rules;
- “Board” the board of Directors;
- “CM Concept” CM Concept (HK) Limited, a company incorporated in Hong Kong with limited liability;
- “Company” China Motion Telecom International Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange and the Singapore Exchange Securities Trading Limited;
- “Directors” the directors of the Company;
- “Disposal” the disposal of the Property contemplated under the Provisional Agreement;
- “Group” the Company and its subsidiaries;
- “HK\$” Hong Kong dollars, the lawful currency of Hong Kong;
- “Hong Kong” the Hong Kong Special Administrative Region of the People’s Republic of China;
- “Independent Third Party” an independent third party which is (i) not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) not a connected person of the Company as defined in the Listing Rules;
- “Listing Rules” the Rules Governing the Listing of Securities on the Stock Exchange;
- “Property” Shop B2, Ground Floor, Lai Yuen Apartments, Nos.29, 31 & 33 Lee Garden Road, Nos.78, 80 & 82 Percival Street, No.59 Russell Street, Hong Kong;
- “Property Agent” an Independent Third Party;
- “Provisional Agreement” the provisional agreement for sale and purchase dated 6 August 2004 made between Sheen Sino, the Purchaser and the Property Agent relating to the Disposal;
- “Purchaser” an Independent Third Party;
- “Share(s)” ordinary share(s) of HK\$0.75 each in the share capital of the Company;
- “Shareholder(s)” holder(s) of the Shares;
- “Sheen Sino” Sheen Sino Investment Limited, a company incorporated in Hong Kong with limited liability;
- “Stock Exchange” The Stock Exchange of Hong Kong Limited;
- “subsidiary” a company for the time being and from time to time a subsidiary (within the meaning of the Companies Ordinance of Hong Kong (Chapter 32 of the Laws of Hong Kong)); and
- “substantial shareholder(s)” has the meaning ascribed to it under the Listing Rules.

As at the date of this announcement, the Board comprises Mr. Hau Tung Ying, Mr. Shui Ming Hua and Dr. Li Bin as executive Directors, Mr. Li Yi Sheng and Mr. Li Kwok Ping as non-executive Directors, Mr. Frank Yung Yung Cheng and Dr. Raymond Ho Chung Tai as independent non-executive Directors and Mr. Hu Tiejun as alternate Director to Mr. Li Yi Sheng.

By Order of the Board
China Motion Telecom International Limited
Hau Tung Ying
Chairman

Hong Kong, 9 August 2004

* for identification only