

**CHINA MOTION TELECOM INTERNATIONAL LTD:
HERE'S THE REAL REASON BEHIND THE CAPITAL REORGANISATION**

What is becoming only too clear, today, is that the reason that [China Motion Telecom International Ltd \(\)](#) (Code: 989, Main Board, The Stock Exchange of Hongkong Ltd) entered into a capital reorganisation scheme at the end of March, this year, was to enable the company to raise badly needed fresh money by the issuance of one-cent shares.

Because the Nominal Value of the shares of this company had been 75 cents per share and, in accordance with The Companies Act of Bermuda – China Motion Telecom is domiciled in Bermuda – no new shares of a publicly listed company may be issued below the Par Value.

At one cent per share, it is much easier to issue shares for cash than at 75 cents per share.

In the official announcement of China Motion Telecom International of March 30, 2006, it is stated at Page 3:

‘The main purpose for implementing the Capital Reorganisation is to lower the nominal value of the Shares because under the Companies Act, a company is not allowed to issue shares at a price below the nominal value of the shares. The Capital Reorganisation will provide the Company with greater flexibility in issuing New Shares in future should such opportunities arise. As such, the Board (of Directors of the company) considers that the Capital Reorganisation is in the interest of the Company and the Shareholders as a whole.’

On the following page of this announcement, it is stated that the company is seeking a General Mandate from its shareholders, permitting the Board of Directors an absolute right to issue New Shares up to 20 percent of the Issued and Fully Paid-Up Share Capital.

A Special General Meeting of China Motion Telecom was held on May 22, 2006, at which meeting, by a show of hands, the Resolution, empowering the Board of Directors to issue new shares up to a maximum of 20 percent of the Issued and Fully Paid-Up Share Capital, was passed.

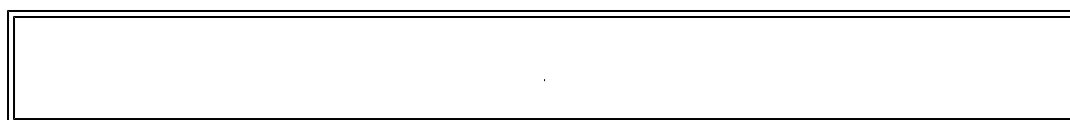
And, 12 days later, China Motion Telecom was sued for about \$HK3 million by Huawei Tech Investment Company Ltd () for an alleged non-payment of a debt.

According to Huawei Tech, which is an HKSAR-domiciled company, it sold and delivered goods and services to China Motion Telecom and, as at December 22, 2005, the Plaintiff was owed \$US1,427,833.80 (about \$HK11.14 million) by the Defendant.

On December 22, 2005, it is alleged that Huawei Tech and China Motion Telecom reached an agreement for the settlement of the debt by 10 monthly instalments of \$US125,000, commencing December 20, 2005.

The payments of March, April and May of 2006, however, were never made, it is alleged at Paragraph 7 of the Statement of Claim, attached to HKSAR High Court Action Number 1190.

And, today, it is further alleged that despite ‘repeated demands and requests’, no further money has been paid to Huawei Tech.



Who Is Huawei Tech. Investment Company Ltd ?

The Plaintiff in High Court Action Number 1190, according to the database of **TOLFIN** () (The Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider), is an HKSAR-domiciled company with an Issued and Fully Paid-Up Share Capital of \$HK500 million.

It is owned, wholly, by Huawei Technologies Ltd () of the PRC, proper, as opposed to the HKSAR of the PRC.

The Registered Office of Huawei Technologies Ltd is: Bantian Longgang District, Shenzhen, the PRC.

According to **TARGET**'s information, Huawei Technologies is the largest producer of telecommunications equipment in the PRC, proper.

Subscribers of **TARGET** () may recall **TARGET** Intelligence Report, Volume VIII, Number 2, published on January 4, 2006, headlined:

***'CHINA MOTION TELECOM INTERNATIONAL LTD:
I WANT MY MONEY !'***

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