NEW WORLD MOBILE HOLDINGS LIMITED

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 862)

## ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2008

The directors (the "Directors") of New World Mobile Holdings Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group" or "NWM") for the year ended 30 June 2008 together with the comparative figures in the previous year as follows:

## CONSOLIDATED INCOME STATEMENT

| | | Year ended 30 June | |
|---|---|---|---|
| | | **2008** | 2007 |
| | *Note* | ***HK$'000*** | *HK$'000* |
| Turnover | *3* | **3,438** | 14,155 |
| Cost of sales | *6* | **(3,067)** | (5,590) |
| Gross profit | | **371** | 8,565 |
| Other revenue | *4* | **1,248** | 1,770 |
| Other (losses)/gains – net | *5* | **(271)** | 312,480 |
| Selling expenses | *6* | **(274)** | (7,234) |
| Administrative expenses | *6* | **(12,723)** | (31,515) |
| Operating (loss)/profit before finance costs | | **(11,649)** | 284,066 |
| Finance costs | *7* | **–** | (53,590) |
| Operating (loss)/profit before share of profit of associates | | **(11,649)** | 230,476 |
| Share of profit of associates | | **–** | 62,577 |
| (Loss)/profit before income tax | | **(11,649)** | 293,053 |
| Income tax expense | *8* | **–** | – |
| (Loss)/profit for the year | | **(11,649)** | 293,053 |
| (Loss)/profit attributable to equity holders of the Company | | **(11,649)** | 293,053 |
| **(Loss)/earnings per share attributable to the equity holders of the Company during the year** | | | |
| Basic (loss)/earnings per share | *9* | **(HK$0.12)** | HK$3.03 |
| Diluted (loss)/earnings per share | *9* | **(HK$0.12)** | HK$3.03 |

## CONSOLIDATED BALANCE SHEET

| | Note | As at 30 June **2008** *HK$'000* | 2007 *HK$'000* |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **4,601** | 5,383 |
| Investment property | | **7,370** | – |
| Goodwill | | **3,592** | – |
| | | **15,563** | 5,383 |
| **Current assets** | | | |
| Trade receivables | *11* | **3,047** | 1,185 |
| Inventories | | **1,231** | – |
| Prepayments, deposits and other receivables | | **1,069** | 1,556 |
| Amount due from a related company | | **–** | 813 |
| Restricted bank balances | | **1,000** | 829 |
| Cash and bank balances | | **35,000** | 54,652 |
| | | **41,347** | 59,035 |
| **Total assets** | | **56,910** | 64,418 |
| **EQUITY** | | | |
| **Capital and reserves attributable to the Company's equity holders** | | | |
| Share capital | | **97,892** | 97,692 |
| Other reserves | | **12,740** | 12,901 |
| Accumulated losses | | **(66,556)** | (54,907) |
| **Total equity** | | **44,076** | 55,686 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade payables | *12* | **4,586** | 190 |
| Accrued charges, other payables, deposits received and deferred revenue | | **7,802** | 8,542 |
| Amount due to a related company | | **446** | – |
| **Total liabilities** | | **12,834** | 8,732 |
| **Total equity and liabilities** | | **56,910** | 64,418 |
| **Net current assets** | | **28,513** | 50,303 |
| **Total assets less current liabilities** | | **44,076** | 55,686 |

## NOTES

### 1 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment property at fair value through profit or loss.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out in annual report. These policies have been consistently applied to all the years presented, except certain balances have been reclassified for presentation purpose.

**The adoption of new/revised standards and interpretations**

(i) The following new/revised standards and interpretations are mandatory for financial year ended 30 June 2008. The Group adopted these which are relevant to its operations.

| | |
|---|---|
| HKAS 1 (Amendment) | Presentation of Capital Disclosures |
| HKFRS 7 | Financial Instruments: Disclosures |
| HK(IFRIC) – Int 10 | Interim Financial Reporting and Impairment |
| HK(IFRIC) – Int 11 | HKFRS 2 – Group and Treasury Share Transactions |

These new/revised standards and interpretations above do not have material financial impact to the Group other than the disclosure impact on the consolidated financial statements.

(ii) The following new/revised standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 July 2008 or later periods, but the Group has not been early adopted them:

| | |
|---|---|
| HKAS 1 (Revised) | Presentation of Financial Statements[1] |
| HKAS 23 (Revised) | Borrowing Costs[1] |
| HKAS 27 (Revised) | Consolidated and Separate Financial Statements[2] |
| HKAS 32 & HKAS 1 (Amendment) | Puttable Financial Instruments and Obligations Arising on Liquidation[1] |
| HKFRS 2 (Amendment) | Vesting Conditions and Cancellations[1] |
| HKFRS 3 (Revised) | Business Combinations[2] |
| HKFRS 8 | Operating Segments[1] |
| HK(IFRIC)-Int 12 | Service Concession Arranagements[3] |
| HK(IFRIC)-Int 13 | Customer Loyalty Programmes[4] |
| HK(IFRIC)-Int 14 | HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction[3] |

[1] Effective for annual periods beginning on or after 1 January 2009
[2] Effective for annual periods beginning on or after 1 July 2009
[3] Effective for annual periods beginning on or after 1 January 2008
[4] Effective for annual periods beginning on or after 1 July 2008

## 3 TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the provision of network solutions, project services, technology related services and property investment (2007: technology related services). Turnover recognised during the year are as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Network solutions | **1,928** | – |
| Project services | **975** | – |
| Technology related services | **535** | 14,155 |
| | **3,438** | 14,155 |

No revenue was generated from property investment as the Group just newly acquired this business in June 2008.

### (a) Primary reporting format – business segments

For the year ended 30 June 2008, the Group operates in four business segments, which are network solutions, project services, technology related services and property investment.

The segment results for the year ended 30 June 2008 are as follows:

| | **Network solutions** | **Project services** | **Technology related services** | **Property investment** | **Total** |
|---|---|---|---|---|---|
| | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** | ***HK$'000*** |
| Turnover | **1,928** | **975** | **535** | **–** | **3,438** |
| Segment results | **450** | **72** | **(9,198)** | **–** | **(8,676)** |
| Unallocated expenses | | | | | **(3,950)** |
| Other revenue | | | | | **1,248** |
| Other losses | | | | | **(271)** |
| Loss before income tax expense | | | | | **(11,649)** |
| Income tax expense | | | | | **–** |
| Loss for the year | | | | | **(11,649)** |

For the year ended 30 June 2007, the Group only operated in one business segment, which is the technology related business.

The segment results for the year ended 30 June 2007 are as follows:

| | Technology related services *HK$'000* | Total *HK$'000* |
|---|---|---|
| Turnover | 14,155 | 14,155 |
| Segment results | (15,279) | (15,279) |
| Unallocated expenses | | (14,905) |
| Other revenue | – | 1,770 |
| Other net gains | – | 312,480 |
| Operating profit before finance costs | | 284,066 |
| Finance costs | – | (53,590) |
| Operating profit before share of profit of associates | | 230,476 |
| Share of profit of associates | – | 62,577 |
| Profit before income tax expense | | 293,053 |
| Income tax expense | – | – |
| Profit for the year | | 293,053 |

The segment assets and liabilities as at 30 June 2008 are as follows:

| | **Network solutions** ***HK$'000*** | **Project services** ***HK$'000*** | **Technology related services** ***HK$'000*** | **Property investment** ***HK$'000*** | **Unallocated** ***HK$'000*** | **Total** ***HK$'000*** |
|---|---|---|---|---|---|---|
| Segment assets | **1,816** | **2,604** | **5,000** | **8,163** | **39,327** | **56,910** |
| Segment liabilities | **2,832** | **2,605** | **2,211** | **599** | **4,587** | **12,834** |

The segment assets and liabilities as at 30 June 2007 are as follows:

| | Technology related services *HK$'000* | Unallocated *HK$'000* | Total *HK$'000* |
|---|---|---|---|
| Segment assets | 9,050 | 55,368 | 64,418 |
| Segment liabilities | 7,624 | 1,108 | 8,732 |

**(b) Secondary reporting format – geographical segments**

The Group is operating in two main geographical areas:

Hong Kong: Network solutions, project services and technology related services (2007: Technology related services)

Mainland China: Technology related services and property investment (2007: Technology related services)

There are no sales nor other transactions between the geographical segments.

| | **Segment assets** | |
|---|---|---|
| | **As at 30 June 2008** ***HK$'000*** | As at 30 June 2007 *HK$'000* |
| Hong Kong | **44,242** | 55,318 |
| Mainland China | **12,668** | 9,100 |
| | **56,910** | 64,418 |

| | **Turnover** | |
|---|---|---|
| | **2008** ***HK$'000*** | 2007 *HK$'000* |
| Hong Kong | **2,903** | – |
| Mainland China | **535** | 14,155 |
| | **3,438** | 14,155 |

## 4 OTHER REVENUE

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Bank interest income | **1,248** | 1,770 |

## 5 OTHER (LOSSES)/GAINS – NET

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Loss on disposal of property, plant and equipment | **(271)** | (218) |
| Gain on early extinguishment of non-current liabilities | **–** | 6,908 |
| Gain on disposal of a subsidiary | **–** | 305,790 |
| | **(271)** | 312,480 |

## 6 EXPENSES BY NATURE

Major expenses included in cost of sales, selling expenses and administrative expenses are analysed as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Cost of inventories | **1,453** | – |
| Auditor's remuneration | **1,442** | 1,040 |
| Depreciation of property, plant and equipment | **1,179** | 1,442 |
| Exchange losses/(gains) – net | **562** | (235) |
| Employee benefit expenses, including directors' emoluments | **8,969** | 16,204 |
| Impairment loss on property, plant and equipment | **165** | – |
| Operating lease rentals for land and buildings | **679** | 1,729 |

## 7 FINANCE COSTS

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on loans from a fellow subsidiary | **–** | 5,544 |
| Interest on promissory note issued to a fellow subsidiary | **–** | 22,855 |
| Interest on convertible bond | **–** | 443 |
| Interest on subscription note | **–** | 24,748 |
| | **–** | 53,590 |

## 8 INCOME TAX EXPENSE

No provision for Hong Kong profits tax and overseas taxation (2007: Nil) has been made for the year as the Company and a number of its subsidiaries have no assessable profit for the year and certain subsidiaries have sufficient tax losses brought forward to offset their estimated assessable profit for the year.

## 9 (LOSS)/EARNINGS PER SHARE

The calculations of basic and diluted (loss)/earnings per shares are based on the following data:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| (Loss)/profit attributable to equity holders of the Company | **(11,649)** | 293,053 |
| **Number of shares** | | |
| Weighted average number of ordinary shares in issue for the purpose of calculating basic (loss)/earnings per share | **97,779,192** | 96,692,965 |
| Effect of dilutive potential ordinary shares: | | |
| Share options *(Note)* | **–** | 35,951 |
| Weighted average number of ordinary shares in issue for the purpose of calculating diluted (loss)/earnings per share *(Note)* | **97,779,192** | 96,728,916 |

*Note:* Diluted loss per share is the same as basic loss per share presented for the year ended 30 June 2008 as there is no dilutive effect from the exercise of share options on the loss attributable to shareholders.

## 10 DIVIDEND

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Special dividend of HK$1.2 per share | **–** | 117,230 |

At a meeting held on 4 January 2007, the Directors declared a special dividend of HK$1.2 per ordinary share. The Directors do not propose to declare a final dividend for the year ended 30 June 2008. (2007: Nil).

## 11 TRADE RECEIVABLES

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Trade receivables | **3,079** | 7,382 |
| Less: Provision for impairment of trade receivables | **(32)** | (6,197) |
| Trade receivables – net | **3,047** | 1,185 |

The Group allows an average credit period of 30 to 60 days to its subscribers and customers. The ageing analysis of trade receivables is as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 1 – 30 days | **268** | 137 |
| 31 – 60 days | **1,128** | 245 |
| 61 – 90 days | **182** | 329 |
| Over 90 days | **1,469** | 474 |
| | **3,047** | 1,185 |

## 12 TRADE PAYABLES

The ageing analysis of the trade payables is as follows:

| | **2008** | 2007 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 1 – 30 days | **2,813** | 55 |
| 31 – 60 days | **1,022** | – |
| 61 – 90 days | **69** | – |
| Over 90 days | **682** | 135 |
| | **4,586** | 190 |

The carrying amount of trade payables approximates its fair value.

## REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the annual results of the Group for the year ended 30 June 2008. The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2008 have been agreed by the Group's independent auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 30 June 2008 (2007: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The wireless value-added business almost came to a standstill for the year ended 30 June 2008. The revenue decreased dramatically was primarily due to the ongoing negative impact of the implementation of new mobile operator policies in PRC since 2006. The PRC market for wireless value-added services is intensely competitive and changing rapidly. The recently announced restructuring of the PRC telecom industry created further uncertainty in this market segment. In response to the continuous drop in revenue, the management took swift actions to downsize the wireless value-added operations in order to contain operating costs.

During the year, the Group acquired a network solutions and project services business. The acquisition was completed in late April 2008. This newly acquired business contributed approximately HK$2.9 million of turnover to the Group. For the network solutions services, it provides network solutions to users relating to broadband, multimedia and wireless applications. For the project services, it mainly provides installation services of radio and microwave infrastructure for major telecom equipment vendors in Hong Kong such as ZTE Corporation and Alcatel-Lucent.

In order to further diversify the business of the Group, the Company announced on 15 April 2008 to acquire a company holding an investment property in Beijing, PRC (the "Property"). The investment property comprises a 3-storey detached villa house with private garden and carport. The acquisition was completed immediately before year ended. The Property was subject to a tenancy which was expired on 30 June 2008. Following the completion of the original tenancy, the Property was subject to certain renovation works in order to maintain and improve its competitiveness. The Property was revalued for the amount of approximately HK$7.4 million at 30 June 2008 by RHL Appraisal Limited (a third party valuer independent of the Company) on an open market basis.

## Financial Review

1. *Results Analysis*

   For the year ended 30 June 2008, turnover dropped by 75.7% to HK$3.4 million (2007: HK$14.2 million). The significant shrinkage in turnover was primarily due to the continue deterioration in the mobile value-added business. For current year's turnover, approximately 84.4% of which was contributed by the newly acquired network solutions and project services business.

   Operating loss before finance costs was HK$11.6 million (2007: Operating profit before finance costs of HK$284.1 million). In 2007, the operating profit before finance costs included a one-off gain on the disposal of a subsidiary of HK$305.8 million. By eliminating this non-recurring gain, the operating loss before finance costs was in fact reduced by HK$10.1 million when compared to last accounting year.

   No finance costs were incurred for the year ended 30 June 2008 (2007: HK$53.6 million) because the Group has no gearing.

2. *Liquidity and capital resources*

   As at 30 June 2008, the capital and reserves attributable to the equity holders of the Company was HK$44.1 million (2007: HK$55.7 million). The Group has no bank or other borrowings as at year ended date (2007: Nil). The Group's bank balances were HK$36.0 million (2007: HK$55.5 million). The Group has sufficient liquidity and financial resources to meet its daily operational needs and make additional investments should opportunities arise.

3. *Foreign Exchange*

   The key operations of the Group are located in Hong Kong and mainland China. The Group's assets and liabilities are mainly denominated in Hong Kong dollar, United States dollar and Renminbi. The Group does not have a foreign currency hedging policy. However, the management of the Group continues to monitor foreign exchange exposure and will consider hedging significant currency exposures should the need arises.

4. *Contingent liabilities*

   As at 30 June 2008, the Group did not have significant contingent liabilities (2007: Nil).

## Outlook

In the coming year, the Group will concentrate on the businesses of network solutions, project services and property investments.

The strength in our project services is in cellular and wireless system installations. The Group will seek new business opportunities by working with mobile operators and partnering with other global system vendors to be their qualified contractor.

With the promotion of free wireless LAN communication in the public areas of Hong Kong government premises, more wireless LAN project opportunities appear in the market from different industry segments such as hotels, shopping malls etc. The Group has already positioned itself to tap these new market opportunities by offering unique wireless LAN solutions with add-ons features such as guest access time limitation, voice over Wi-Fi and interference free wireless solution.

The Office of the Telecommunications Authority of Hong Kong planned to conduct the auction of new broadband wireless access licenses by the end of 2008. Our Group has already partnered with a global Wi-Max vendor, AirSpan, to offer end-to-end solution from base station to customer premises equipment. In order to seize business opportunities in this new market, the Group is currently working with one of the potential customers on trial tests.

As China's overall economy continues to maintain steady growth, the management of the Company is optimistic about the future of the PRC property market. The Property will be renting out as soon as possible after the completion of the necessary renovation works in order to enhance the Group revenue.

## HUMAN RESOURCES

As at 30 June 2008, the Group had employed a total of 25 full-time employees (2007: 79) in Hong Kong and PRC. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered for staff training and development.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## CORPORATE GOVERNANCE

The board of directors of the Company (the "Board") recognises the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders and has applied the principles of the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 (the "CG Code") of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

For the year ended 30 June 2008, the Company has complied with the code provisions of the CG Code with deviations from the code provision A.2.1, A.4.1 and A.4.2 of the CG Code as summarized below:

i. In accordance with CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. Mr Lo Lin Shing, Simon is the chairman of the Company and has also carried out the responsibility of CEO. Mr Lo possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure to be more suitable for the Company because it can promote the efficient formulation and implementation of the Company's strategies.

ii. Under the code provision A.4.1 and A.4.2 of the Code, (a) non-executive directors should be appointed for a specific term and subject to re-election; and (b) all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment, and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

    None of the existing non-executive directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, they are subject to the retirement by rotation in accordance with the provisions of the Company's articles of association. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by directors and employees who are likely to be in possession of unpublished price sensitive information of the Company on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules.

## AUDIT COMMITTEE

The audit committee currently consists of three independent non-executive directors.

Composition of Audit Committee Members

Mr. Lau Wai Piu *(chairman of Audit Committee)*

Mr. Lee Kee Wai, Frank

Mr. Tsui Hing Chuen, William, *JP*

The audit committee has reviewed together with the management the consolidated financial statements for the year ended 30 June 2008 of the Group.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited ("HKEX") at www.hkexnews.hk under "Latest Listed Company Information" and the Company's website at www.nwmhl.com.hk respectively. The annual report of the Company for the year ended 30 June 2008 will be dispatched to the shareholders and published on the websites of the HKEX and the Company in due course.

By Order of the Board
**New World Mobile Holdings Limited**
**Lo Lin Shing, Simon**
*Chairman*

Hong Kong, 6 October 2008

*As at the date of this announcement, the Board comprises two executive Directors namely Mr. Lo Lin Shing, Simon and Mr. Ho Hau Chong, Norman and three independent non-executive Directors namely Mr. Tsui Hing Chuen, Willian, JP, Mr. Lau Wai Piu and Mr. Lee Kee Wai, Frank.*