



NEW WORLD MOBILE HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 862)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 30 JUNE 2007

The directors (the “Directors”) of New World Mobile Holdings Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group” or “NWM”) for the year ended 30 June 2007 together with the comparative figures in the previous year as follows:

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 30 June	
		2007 HK\$'000	2006 HK\$'000
Continuing operations:			
Turnover	2	14,155	16,515
Cost of sales		(5,590)	(4,842)
Gross profit		8,565	11,673
Other revenue		1,770	823
Other net gains/(losses)		312,480	(65,436)
Selling expenses		(7,234)	(9,775)
Administrative expenses		(31,515)	(35,797)
Operating profit/(loss) before finance costs	4	284,066	(98,512)
Finance costs	5	(53,590)	(62,786)
Operating profit/(loss)		230,476	(161,298)
Share of results of associated companies		62,577	27,731
Profit/(loss) before income tax		293,053	(133,567)
Income tax expense	6	–	–
Profit/(loss) from continuing operations		293,053	(133,567)
Discontinued operations:			
Profit from discontinued operations		–	1,045,209
Profit attributable to equity holders of the Company		293,053	911,642
Earnings/(loss) per share attributable to the equity holders of the Company during the year			
Basic earnings/(loss) per share	7		
– Continuing operations		HK\$3.03	(HK\$1.48)
– Discontinued operations		–	HK\$11.56
		HK\$3.03	HK\$10.08
Diluted earnings per share	7	HK\$3.03	N/A

CONSOLIDATED BALANCE SHEET

		As at 30 June	
		2007	2006
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		5,383	6,183
Investments in associated companies		–	2,142,737
Intangible assets		–	–
Deferred taxation		–	–
		<u>5,383</u>	<u>2,148,920</u>
Current assets			
Trade receivables	9	1,185	4,266
Prepayments, deposits and other receivables		1,556	1,368
Amount due from an associated company		–	113,328
Amount due from a related company		813	813
Cash and bank balances		55,481	27,691
		<u>59,035</u>	<u>147,466</u>
Total assets		<u>64,418</u>	<u>2,296,386</u>
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share Capital		97,692	16,154
Other reserves		12,901	(82,905)
Accumulated losses		(54,907)	(30,538)
Total equity/(total equity holders' deficit)		<u>55,686</u>	<u>(97,289)</u>
LIABILITIES			
Non-current liabilities			
Loans from a fellow subsidiary		–	278,024
Promissory note issued to a fellow subsidiary		–	886,749
Convertible bond		–	28,261
Subscription note		–	1,178,008
		–	<u>2,371,042</u>
Current liabilities			
Trade payables	10	190	809
Accrued charges, other payables, deposits received and deferred income		8,542	15,779
Amounts due to fellow subsidiaries		–	420
Amount due to an associated company		–	5,625
		<u>8,732</u>	<u>22,633</u>
Total liabilities		<u>8,732</u>	<u>2,393,675</u>
Total equity and liabilities		<u>64,418</u>	<u>2,296,386</u>
Net current assets		<u>50,303</u>	<u>124,833</u>
Total assets less current liabilities		<u>55,686</u>	<u>2,273,753</u>

NOTES

1 Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards. The consolidated financial statements have been prepared under the historical cost convention.

2 Turnover and segment information

The Group is principally engaged in the provision of technology related services. Turnover recognised during the year are as follows:

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Technology related services	14,155	16,381
Gross rental income from an investment property	—	134
	<u>14,155</u>	<u>16,515</u>

3 Segment information

(a) Primary reporting format – business segments

For the year ended 30 June 2007, the Group only operates 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 <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Turnover	<u>14,155</u>	<u>–</u>	<u>14,155</u>
Segment results	<u>(15,279)</u>	<u>(14,905)</u>	(30,184)
Other revenue	–	1,770	1,770
Other net gains	–	312,480	<u>312,480</u>
Operating profit			284,066
Finance costs	–	(53,590)	<u>(53,590)</u>
Operating profit			230,476
Share of results of associated companies	–	62,577	<u>62,577</u>
Profit before income tax expense			293,053
Income tax expense	–	–	<u>–</u>
Profit attributable to equity holders of the Company			<u>293,053</u>
Other segment information			
Depreciation	1,170	272	<u>1,442</u>
Capital expenditures	116	676	<u>792</u>
Gain on disposal of a subsidiary	–	305,790	<u>305,790</u>
Reversal of impairment of trade receivables	1,079	–	<u>1,079</u>

The segment results for the year ended 30 June 2006 are as follows:

	Continuing			Discontinued
	Technology related services HK\$'000	Unallocated HK\$'000	Total HK\$'000	Mobile communications services HK\$'000
Turnover	16,515	–	16,515	1,402,827
Segment results	(14,759)	(19,140)	(33,899)	60,706
Other revenue	–	823	823	716
Other net (losses)/gains	(72,959)	7,523	(65,436)	1,022,979
Operating (loss)/profit			(98,512)	1,084,401
Finance costs	–	(62,786)	(62,786)	(34,319)
Operating (loss)/profit			(161,298)	1,050,082
Share of results of associated companies	–	27,731	27,731	–
(Loss)/profit before income tax			(133,567)	1,050,082
Income tax expense	–	–	–	(4,873)
(Loss)/profit attributable to equity holders of the Company			(133,567)	1,045,209
Other segment information				
Depreciation	867	129	996	198,703
Capital expenditures	86	–	86	97,354
Provision for/(reversal of) impairment of				
– intangible assets	72,959	–	72,959	–
– investments in associated companies	–	(7,523)	(7,523)	–
– trade receivables	215	–	215	8,706

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

The segment assets and liabilities as at 30 June 2006 are as follows:

	Technology related services HK\$'000	Unallocated HK\$'000	Total HK\$'000
Segment assets	11,292	142,357	153,649
Investments in associated company	–	2,142,737	2,142,737
Segment liabilities	6,458	2,387,217	2,393,675

(b) Secondary reporting format – geographical segments

The Group is operating in two main geographical areas:

Hong Kong: Technology related services for financial year 2007

Mobile communications services, which are classified as discontinued operations, and technology related services for financial year 2006

Mainland China: Technology related services

There are no sales or other transactions between the geographical segments.

	Segment assets	
	As at 30 June 2007 HK\$'000	As at 30 June 2006 HK\$'000
Hong Kong	55,318	142,564
Mainland China	9,100	11,085
	64,418	153,649

	Turnover		Capital expenditures	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
Hong Kong				
– continuing	–	–	676	–
– discontinued	–	1,402,827	–	97,354
Mainland China	14,155	16,515	116	86
	<u>14,155</u>	<u>1,419,342</u>	<u>792</u>	<u>97,440</u>

4 Operating profit/(loss)

Operating profit/(loss) is stated after crediting and charging the following:

	2007 HK\$'000	2006 HK\$'000
Auditor's remuneration	700	1,347
Depreciation of property, plant and equipment	1,442	996
Net exchange (gains)/losses	(235)	384
Operating lease rentals for land and buildings	1,729	1,021
Provision for impairment of trade receivables	–	215
Staff costs, including directors' emoluments	16,204	20,213
	<u>16,204</u>	<u>20,213</u>

5 Finance costs

	2007 HK\$'000	2006 HK\$'000
Interest on loans from a fellow subsidiary	5,544	3,618
Interest on promissory note issued to a fellow subsidiary	22,855	11,499
Interest on convertible bond	443	860
Interest on subscription note	24,748	46,809
	<u>53,590</u>	<u>62,786</u>

6 Income tax expense

No provision for Hong Kong profits tax and overseas taxation (2006: 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.

7 Earnings/(loss) per share

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

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Profit/(loss) from continuing operations attributable to shareholders	293,053	(133,567)
Profit from discontinued operations attributable to shareholders for purpose of calculating basic and diluted earnings per share	<u>—</u>	<u>1,045,209</u>
Profit attributable to shareholders	<u><u>293,053</u></u>	<u><u>911,642</u></u>
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings/(loss) per share	96,692,965	90,379,272
Effect of dilutive potential ordinary shares (<i>Note</i>): Share options	<u>35,951</u>	<u>—</u>
Weighted average number of ordinary shares in issue for the purpose of calculating diluted earnings per share	<u><u>96,728,916</u></u>	<u><u>90,379,272</u></u>

Note: No diluted earnings/(loss) per share are presented for the year ended 30 June 2006 as the conversion of convertible bond and subscription note and exercise of share options would not have dilutive effect on the loss from continuing operations.

8 Dividend

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Special dividend of HK\$1.2 (2006: Nil) per share	<u><u>117,230</u></u>	<u><u>—</u></u>

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 2007 (2006: Nil).

9 Trade receivables

	Group	
	2007	2006
	HK\$'000	HK\$'000
Trade receivables	7,382	10,629
Less: Provision for impairment of trade receivables	<u>(6,197)</u>	<u>(6,363)</u>
Trade receivables – net	<u>1,185</u>	<u>4,266</u>

The Group allows an average credit period of thirty to sixty days to its subscribers and other customers. The aging analysis of trade receivables is as follows:

	Group	
	2007	2006
	HK\$'000	HK\$'000
1 – 30 days	137	2,483
31 – 60 days	245	1,648
61 – 90 days	329	112
Over 90 days	<u>474</u>	<u>23</u>
	<u>1,185</u>	<u>4,266</u>

The Group's sales are made to several major customers and there is concentration of credit risks. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

During the year ended 30 June 2007, the Group has recognised a write back of provision of HK\$1,079,000 (2006: HK\$215,000) upon the settlement of trade receivables previously provided for. These amounts have been included in administrative expenses in the consolidated income statement.

10 Trade payables

The aging analysis of the trade payables is as follows:

	Group	
	2007	2006
	HK\$'000	HK\$'000
1 – 30 days	55	80
31 – 60 days	–	120
61 – 90 days	–	172
Over 90 days	<u>135</u>	<u>437</u>
	<u>190</u>	<u>809</u>

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 2007. The figures in respect of the preliminary announcement of the Group's results for the year ended 30 June 2007 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 a final dividend for the year ended 30 June 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The company's mobile value added business had been negatively impacted by the environmental changes of China's wireless market. Through out the year, mobile operators continued to tighten control policy on service providers (also known as SP). The last major announcement in May 2007, China Mobile announced a policy on WAP service fee notification, was yet another example which negatively impacted the SP industry. The SP business, being a major revenue generator of the Group's business, was badly hit. Management does not see a significant improve to this situation in the near term, revenue from this sector is expected to continue to decrease.

Since the end of 2006 management have taken measures to minimize the potential exposure of the business risks from the SP sector, and have shifted to focus on building up two web-based businesses.

Firstly, management shifted to focus on expanding the service offering of web based city infotainment service (Chinaquest). Among many new services that were launched this year, there is a major focus in a commercial based yellow page service called, Enterprise Blog Show ("EBS" or "商博秀"). The revenue of this service line is targeted to replace the shortfall from the SP sector starting in next financial year.

In order to improve the service's brand awareness, in November 2006, the Group announced a change of Chinaquest's site address to www.52tong.com and a change of the logo design to a more lively brand design concept.

As at end of 2006, first major step to expand the service offerings, was the launch of a classified advertisement channel focus on providing a platform for individuals to advertise their own information to the public.

By April 2007, a second major service was the launch of EBS, a service targeting commercial market. It is a WEB2.0 platform for commercial customers to advertise their company information to visitors of Chinaquest. Management aims to launch the service over 50 cities nationwide by the end of 2007. The significant of this service is the birth of a new business model for the Group. The plan to expand throughout the nation will be conducted through establishing local channel partners.

Looking at a 400 million population market size, the wireless value-added market continues to be an important market for the business. In May 2007, the company launched the Chinaquest WAP service 2.0 – the wireless portal service of Chinaquest. A product that is integrated with the website services. Fully showing the tight integration of Mobile Internet services, enabling users to use Chinaquest service at the desktop and while on the move.

Secondly, in the music entertainment sector, www.hanyin.com the music entertainment business reached over 218,000 registered users. The company secured relationship with over 50 local and international record companies with a total of over 2,000 artists. In addition, the Group directly signed song distribution rights with 40 artists and have been promoting their work in both the mobile and Internet environment. At the end of 2006, the music blog channel was re-vamped, now providing 15 different music and entertainment categories of related blog contents, spreading from song of local talents and popular artists from Hong Kong and Taiwan. When the service was re-launched in November 2006, it soon became one of the major key drivers of the sites traffic growth.

Financial Review

1. Results Analysis

The mobile value added business had through out the year been negatively impacted by the market environment and the tightening policy control of the mobile operators. Accordingly, the year-of-year turnover was dropped approximately 14.0% to HK\$14.2 million (2006: HK\$ 16.5 million).

On 4 January 2007, the Company completed the disposal of an associated company through the disposal of entire issued share capital of Upper Start Holdings Limited (“Upper Start”) which holds 23.6% interest in the CSL NWM Group (the “Disposal”) at the consideration of HK\$2,500 million to New World Development Limited. The share of the profits of the associated company immediately prior to disposal was HK\$62.6 million (2006: HK\$27.7 million). The resulting one-off gain from the Disposal was HK\$305.8 million.

The profit attributable to the shareholders of the Company for the year ended 30 June 2007 was HK\$293.1 million (2006: HK\$911.6 million). The drop was due to the inclusion of profit from discontinued operations of HK\$1,045.2 million in last year.

2. *Liquidity and financial resources*

As at 30 June 2007, the equity holders' fund of the Group amounted to HK\$55.7 million (2006: deficit of HK\$97.3 million) and the net asset value per share was HK\$0.57 (2006: net liability value per share HK\$1.02). Upon the completion of the Disposal, a partial of the consideration from the Disposal was satisfied by way of full discharge against a sum owing under the subscription note, the convertible bond, the promissory note and the loans from a then fellow subsidiary. As at 30 June 2007, the Group had no bank or other borrowings (2006: HK\$2,371.0 million) and the Group's cash level was recorded at HK\$55.5 million (2006: HK\$27.7 million). With abundant cash balances and no gearing, the Group has sufficient liquidity and financial resources to meet the operational and investment needs.

3. *Financial risk management*

The key operations of the Group are located in Hong Kong and Mainland China. Therefore, the Group's assets and liabilities are mainly denominated in either Hong Kong dollars or Renminbi (RMB). The Group does not conduct any foreign currency hedging activities since no significant exposure to foreign currency risks are expected.

4. *Pledge of assets*

As at the balance sheet date, bank balances denominated in RMB of certain subsidiaries of the Group in the amount of HK\$829,000 (2006: HK\$770,000) have been frozen under the PRC court order in relation to claims filed against the subsidiaries.

5. *Contingent liabilities*

The Group has no material contingent liabilities as at 30 June 2007.

Future Outlook

The future of the Group is to create and build a media platform, enabling commercial customers to showcase their content to mobile and Internet users in China. Management will continue to enhance the service offerings in both city infotainment and music entertainment sectors. It is important to continue to build the brand and customer base. Lastly, the management team will aim to quickly secure the sales network in key cities throughout the nation.

HUMAN RESOURCES

As at 30 June 2007, the Group had a total of 79 full-time employees (2006: 143) 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 Company recognises the value and importance to achieving high standards of corporate governance to enhance corporate performance and accountability.

The Company has applied the principles and has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 30 June 2007 in all material aspects, except the deviations as mentioned 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. The Company does not at present have any officer with the title CEO. 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 is 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.

Upon specific enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standards set out in Model Code throughout the year ended 30 June 2007.

AUDIT COMMITTEE

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

a) Composition of Audit Committee Members during the year

Mr. Lau Wai Piu (Chairman of Audit Committee) (Appointed on 8 March 2007)

Mr. Tsui Hing Chuen, William, *JP* (Appointed on 8 September 2006)

Mr. Lee Kee Wai, Frank (Appointed on 27 April 2007)

Dr. Wai Fung Man, Norman (Chairman of Audit Committee) (Resigned on 1 February 2007)

Mr. Hui Chiu Chung, *JP* (Resigned on 1 February 2007)

Mr. Kwok Che Keung, Gordon (Resigned on 1 February 2007)

Mr. Wei Chi Kuan, Kenny (Resigned on 8 September 2006)

b) Roles and Function

The Audit Committee is mainly responsible for:

- i. to review the Group's financial and accounting policies and financial statements before submission to, and providing advice and comments thereon to the Board;
- ii. to discuss with the independent auditor the nature and scope of audit and review audit issues raised by the independent auditor;
- iii. to review the financial controls, internal controls and risk management systems of the Group;
and
- iv. to consider the appointment, resignation or dismissal of the independent auditor and their audit fees.

PUBLICATION OF ANNUAL RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

The results announcement is required to be published on the website of Hong Kong Exchanges and Clearing Limited (“HKEX”) at www.hkex.com.hk under “Latest Listed Companies Information” and the Company’s website at www.newworldmobile.com.hk respectively. The annual report of the Company for the year ended 30 June 2007 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
Lo Lin Shing, Simon
Chairman

Hong Kong, 10 October 2007

As at the date hereof, the Board comprises five Directors, of which Mr. Lo Lin Shing, Simon and Mr. Ho Hau Chong, Norman are executive Directors, Mr. Tsui Hing Chuen, William J.P., Mr. Lee Kee Wai, Frank, and Mr. Lau Wai Piu are independent non-executive Directors.