

Interim Report 2008/09

NWM 新
移
動

新世界移動控股有限公司
New World Mobile Holdings Limited

(Stock Code : 862)

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the "Board") of New World Mobile Holdings Limited (the "Company"), I am pleased to present you the interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2008 together with the comparative figures for the corresponding period in 2007. The interim financial information has not been audited but has been reviewed by the Audit Committee of the Company.

RESULTS HIGHLIGHT

- Loss attributable to equity holders of the Company was HK\$2.2 million (2007: HK\$5.8 million)
- Basic loss per share was HK\$0.02 (2007: HK\$0.06)

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

1. *Network solutions and project services*

The Group acquired Cyber On-Air Group Limited ("COAG") in April 2008. COAG and its subsidiaries have substantial experience in the provision of network solutions and project services. Through COAG's constant efforts, it continues itself as a competitive player of wireless, broadband and multimedia technologies in Hong Kong. COAG's business model mainly concentrated in the businesses of network solutions and project services. Among the successful cases in the reporting period, COAG has created some new records.

In network solutions business, COAG has successfully clinched large projects, in leveraging its strengths and leadership in wireless applications, network security and network synchronization technologies, with the customers of:

- **Hong Kong Housing Society** for the free WiFi wireless access services for a shopping mall of one of the public estates — which strengthen the advantages of COAG to expand similar applications for the rest of the public estates over the city;
- **Vocational Training Council** for the data security of Intrusion Prevention System (IPS) — which introduced the path for COAG to enter the market with the latest and advanced technology of data security in Hong Kong;

- **Television Broadcast Limited (TVB)** for the network synchronization of the HDTV digital broadcasting network — which created the new market applying synchronization technology in digital TV broadcasting and the coming mobile TV broadcasting networks; and
- **CSL** for the provision of wireless IP networking using advanced microwave communication technologies — which is a new market demand among all the fixed and mobile network operators.

In project services business, COAG continues its leading position in providing services of project management and turn-key implementation for mobile service providers. Apart from the major accounts in CSL and ZTE Corporation, COAG also secures a new account of SmarTone Vodafone. Moreover, at the end of the reporting period, COAG entered the agreement with Ericsson and becomes its authorized partner in the outsourcing services of implementation and maintenance services of wireless systems and networks.

In an overall review, COAG also experienced the negative impact in the business in terms of revenues and profits due to the economic downturn from September 2008. However, with the new business development and untiring efforts, COAG had gained improvement in business activities at the end of the calendar year 2008.

2. *Property investment*

The Company acquired an investment property (the “Property”) in Beijing, the People’s Republic of China (“PRC”) in June 2008 and the related renovation works were completed during the reporting period. The Property is a high-ended villas aimed at foreign tenants. The global financial turmoil since September 2008 caused a sluggish demand in Beijing’s property rental market in particular of the high-ended segment. A number of companies have reduced their expatriate headcounts in PRC as well as lowering housing budgets for the remaining expatriate staff placing further pressure on rents. The Property remained vacant as at 31 December 2008.

3. *Wireless value-added business*

The wireless value-added business during the reporting period dwindled to a level which was negligible. The development of this business segment has been closely monitored by the Group. The Group considered the poor past performance and the prospects of this segment then concluded that this business segment should be terminated immediately in order for the senior management to focus on the existing business of network solutions, project services and property investment. No material impairment and related provisions were required for the closure of this business segment in this reporting period.

Financial Review

1. *Results Analysis*

For the six months period ended 31 December 2008, turnover from continuing operations was HK\$13.2 million (2007: Nil). The turnover was solely generated from the business of network solutions and project services.

Loss attributable to equity holders was HK\$2.2 million (2007: HK\$5.8 million).

2. *Liquidity and financial resources*

As at 31 December 2008, the capital and reserves attributable to the equity holders of the Company was HK\$42.0 million (At 30 June 2008: HK\$44.1 million). The Group had no bank or other borrowings as at 31 December 2008 (At 30 June 2008: Nil) and the bank balances were HK\$31.4 million (At 30 June 2008: HK\$36.0 million). The Group has sufficient liquidity and financial resources to meet the daily operational needs and make additional investments should opportunities arise.

3. *Gearing*

The Group has no gearing as at 31 December 2008 (At 30 June 2008: Nil).

4. *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 establish 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.

5. *Contingent liabilities*

As at 31 December 2008, the Group did not have significant contingent liabilities (At 30 June 2008: Nil).

Outlook

Looking forward in 2009, the management team is seeking new business, products and solutions so as to strengthen the Group's capability to expand the network solutions and project services markets.

The recent technological changes in the communications market create room for the Group's business to grow. The followings are some major trends in the market:

- the rapid development of the network technology towards IP technologies of Metro-Ethernet and wireless IP;
- the evolution of the mobile services from 3rd Generation ("3G") to 3.5G and 4G technologies of Broadband Wireless Access (LTE and WiMAX);
- the enhancement of wireless access technologies with better coverage and service from WiFi 802.11a/b/g to next generation WiFi 802.11n;
- the increasing awareness of network security issues in most market segments (government, public utilities and enterprises) is generating growing demand of data security products and solutions; and
- the new development of the multimedia applications (mobile TV, digital signage) riding on the fast growing bandwidth of the communication networks and; internet.

All the above technological changes are matching with the strategic direction of the Group — Broadband, Multimedia and Wireless applications.

To cope with the market development, the Group enhances the organization structure and business model in COAG in order to have better resource utilization and more focusing in serving our customers.

The network solutions business splits into

- 'Telecom Solutions' targeting the large-scale public networks and private networks in government, public utilities and carriers, with advanced wireless IP and transmission technologies,
- 'Enterprise Solutions' targeting the communication and IT networks of enterprises, with wireless access, multimedia and data security technologies.

The project services business and engineering services expand the partnership of outsourcing services to manufacturers, government and public utilities.

In view of the PRC market, the vast stimulus package as announced by the PRC government in November 2008 will initiate a lot of opportunities of market demands of information technologies. PRC will be the best market for business opportunities in the world in the coming years. To tap this substantial market, the Group also has the roadmap to expand the business to PRC, leveraging on the successful business model and aggregated experience in Hong Kong.

In the foreseeable future, it is envisaged that the market situation is not optimistic with great challenge in the economic downturn. The Group will closely monitor the market changes and react strategically as to optimize the top line growth and the cost control issues. The management team of the Group remains optimistic in growing of its market leading position with technologies in Broadband, Multimedia and Wireless in Greater China Region in the long run.

For the Property, the Company has appointed a PRC property agent to assist the renting out of the Property as soon as practicable.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all our management and colleagues for their valuable contribution to the Group. Moreover, I would also like to express appreciation to our valued shareholders, customers and business partners who have stood by the Group.

Lo Lin Shing, Simon
Chairman

Hong Kong, 18 March 2009

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2008

		Unaudited Six months ended 31 December	
	Note	2008 HK\$'000	2007 HK\$'000 (Restated)
Continuing operations:			
Turnover	3	13,239	—
Cost of sales		(9,972)	—
Gross profit		3,267	—
Other revenues		214	920
Other gains/(losses) — net		16	(81)
Administrative expenses		(4,903)	(1,895)
Operating loss from continuing operations		(1,406)	(1,056)
Income tax expense	4	(59)	—
Loss for the period from continuing operations		(1,465)	(1,056)
Discontinued operation:			
Loss from discontinued operation	5	(724)	(4,711)
Loss for the period attributable to equity holders of the Company	6	(2,189)	(5,767)
Loss per share attributable to the equity holders of the Company during the period			
From continuing operations and discontinued operation	7		
— Basic loss per share (HK cents)		(2.2)	(5.9)
— Diluted loss per share (HK cents)		(2.2)	(5.9)
From continuing operations			
— Basic loss per share (HK cents)		(1.5)	(1.1)
— Diluted loss per share (HK cents)		(1.5)	(1.1)

NEW WORLD MOBILE HOLDINGS LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	Note	Unaudited As at 31 December 2008 HK\$'000	Audited As at 30 June 2008 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	4,471	4,601
Investment property		7,370	7,370
Goodwill		3,592	3,592
		15,433	15,563
Current assets			
Trade receivables	9	5,682	3,047
Inventories	10	1,552	1,231
Prepayments, deposits and other receivables		974	1,069
Restricted bank balance	11	1,000	1,000
Cash and bank balances		30,367	35,000
		39,575	41,347
Total assets		55,008	56,910
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	97,892	97,892
Other reserves		12,814	12,740
Accumulated losses		(68,745)	(66,556)
Total equity		41,961	44,076
LIABILITIES			
Current liabilities			
Trade payables	12	5,333	4,586
Accrued charges, other payables, deposits received and deferred revenue		7,271	7,802
Amount due to a related company		443	446
Total liabilities		13,047	12,834
Total equity and liabilities		55,008	56,910
Net current assets		26,528	28,513
Total assets less current liabilities		41,961	44,076

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 December 2008

	Unaudited Six months ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Net cash used in operating activities	(4,814)	(4,648)
Net cash generated from/(used in) investing activities	107	(1,363)
Net decrease in cash and cash equivalents	(4,707)	(6,011)
Cash and cash equivalents at the beginning of the period	35,000	54,652
Effect on foreign exchange rate changes	74	—
Cash and cash equivalents at the end of the period	30,367	48,641

NEW WORLD MOBILE HOLDINGS LIMITED

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2008

	Unaudited Six months ended 31 December 2008			
	Share Capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2008 (audited)	97,892	12,740	(66,556)	44,076
Currency translation differences	—	74	—	74
Loss for the period	—	—	(2,189)	(2,189)
Total recognised expenses for the period	—	74	(2,189)	(2,115)
At 31 December 2008 (unaudited)	97,892	12,814	(68,745)	41,961
	Unaudited Six months ended 31 December 2007			
	Share Capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2007 (audited)	97,692	12,901	(54,907)	55,686
Currency translation differences	—	985	—	985
Loss for the period	—	—	(5,767)	(5,767)
Total recognised expenses for the period	—	985	(5,767)	(4,782)
At 31 December 2007 (unaudited)	97,692	13,886	(60,674)	50,904

NOTES TO THE CONDENSED INTERIM ACCOUNTS

1. GENERAL INFORMATION

New World Mobile Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the provision of network solutions, project services, technology related business and property investment. During the period, the Group discontinued the technology related business as set out in note 5.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its principal place of business is Unit 309, 3/F, Fook Hong Industrial Building, 19 Sheung Yuet Road, Kowloon Bay, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These condensed consolidated interim accounts (the “Interim Accounts”) for the six months ended 31 December 2008 has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

These condensed consolidated financial statements have been prepared on the historical cost basis except for investment property which is measured at fair value.

In addition, in accordance with HKFRS 5, the result of the operation of the technology related services of the Group has been presented as discontinued operation in the unaudited condensed consolidated interim income statement of the Group for the six months ended 31 December 2008, and the 2007 comparative figures for the unaudited condensed consolidated interim income statement were also re-presented as discontinued operation, accordingly. For details, please refer to Note 5.

The accounting policies and basis of preparation used in the preparation of the Interim Accounts are consistent with those used in the annual accounts for the year ended 30 June 2008.

The HKICPA has issued a number of new and revised HKFRSs, HKASs and interpretations (collectively the “new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2008. The adoption of these new and revised HKFRSs has no material impact on the results and financial positions of the Group.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective.

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 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKAS 39 (Amendment)	Eligible Hedged Items ²
HKFRS 1 (Revised)	First-time Adoption of HKFRS ²
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate ¹
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combinations ²
HKFRS 8	Operating Segments ¹
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation ³
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owner ²
HK(IFRIC)-Int 18	Transfer of Assets from Customers ⁵
HKFRSs (Amendments)	Improvements to HKFRSs ⁴

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 October 2008.

⁴ Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

⁵ Effective for transfer on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

For management purposes, the Group is currently organized into three operating divisions — network solutions, project services and property investment. These divisions are the basis on which the Group reports its primary segment information.

The Group was also involved in technology related services but the operation was discontinued during the period. For details, please refer to note 5.

There are no sales or other transactions between business segments.

(a) Primary reporting format — business segments

For the six months ended 31 December 2008

	Continuing operations			Discontinued operation	
	Network solutions HK\$'000	Project services HK\$'000	Property investment HK\$'000	Total HK\$'000	Technology related services HK\$'000
Turnover	8,628	4,611	—	13,239	19
Segment results	2,563	703	(54)	3,212	(816)
Unallocated corporate expenses				(4,848)	—
Other revenues				214	1
Other gains — net				16	91
Loss before taxation				(1,406)	(724)
Income tax expense				(59)	—
Loss for the period				(1,465)	(724)

NEW WORLD MOBILE HOLDINGS LIMITED

For the six months ended 31 December 2007

	Continuing operation	Discontinued operation
	Unallocated items HK\$'000	Technology related services HK\$'000
Turnover	—	318
Segment results	—	(4,718)
Unallocated corporate expenses	(1,895)	—
Other revenues	920	7
Other losses	(81)	—
Loss before taxation	(1,056)	(4,711)
Income tax expense	—	—
Loss for the period	(1,056)	(4,711)

(b) Secondary reporting format — geographical segments

The Group is operating in two main geographical areas:

Hong Kong: Network solutions and project services (2007: Nil).

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

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

	Turnover Six months ended 31 December	
	2008 HK\$'000	2007 HK\$'000
Hong Kong	13,239	—
Mainland China	19	318
	13,258	318

Revenue from the Group's discontinued operation was derived from the Mainland China.

4. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period.

	Six months ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Current income tax — Hong Kong profits tax	59	—

No provision for overseas taxation (2007: Nil) has been made for the period as subsidiaries of the Group have no assessable profit for the period.

5. DISCONTINUED OPERATION

During the period, the Group discontinued its technology related services business.

An analysis of the results and cash flows of the discontinued operation is as follows:

	Six months ended 31 December	
	2008	2007
	HK\$'000	HK\$'000
Revenue	19	318
Other revenues	1	7
Other gains	91	—
Staff cost, depreciation and other expenses	(835)	(5,036)
Loss for the period	(724)	(4,711)
Net cash used in operating activities	(564)	(699)
Net cash generated from/(used in) investing activities	133	(317)
Total net cash outflow	(431)	(1,016)

NEW WORLD MOBILE HOLDINGS LIMITED

6. LOSS FOR THE PERIOD

Loss for the period has been arrived at after crediting and charging:

	Six months ended 31 December	
	2008 HK\$'000	2007 HK\$'000
<hr/>		
Crediting		
Bank interest income	155	927
<hr/>		
Charging		
Auditors' remuneration		
— audit services	641	450
— non-audit services	60	100
Depreciation of property, plant and equipment	242	643
Provision for impairment of trade receivables	—	401
Employee benefit expenses, including directors' emoluments	3,036	5,180
Operating lease rentals for land and buildings	391	410
<hr/>		

7. LOSS PER SHARE

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

	Six months ended 31 December	
	2008 HK\$'000	2007 HK\$'000 (Restated)
<hr/>		
Loss from continuing operations and discontinued operation attributable to the equity holders of the Company, as used in the calculation of basic and diluted loss per shares	(2,189)	(5,767)
<hr/>		
Loss from continuing operations attributable to the equity holders of the Company, as used in the calculation of basic and diluted loss per shares	(1,465)	(1,056)
<hr/>		

NEW WORLD MOBILE HOLDINGS LIMITED

	Number of Shares	
	Six months ended 31 December	
	2008	2007
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculating loss per share (Note)	97,892,069	97,692,069

Note:

The computation of 2008 and 2007 diluted loss per share from continuing operations does not assume the exercise of share options as the impact of exercise of share options is anti-dilutive. The denominators used are the same as those detailed above for basic and diluted loss per share from continuing operations and discontinued operation.

From discontinued operation

Basic loss per share from discontinued operation is HK cents 0.7 per share (2007: HK cents 4.8 per share) and diluted loss per share from the discontinued operation is HK cents 0.7 per share (2007: HK cents 4.8 per share), based on the loss for the period from the discontinued operation of approximately HK\$724,000 (2007: HK\$4,711,000) and the denominators detailed above for both basic and diluted loss per share.

8. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$82,000 on leasehold improvements and HK\$71,000 on office equipments. The Group disposed of motor vehicles with net book value of HK\$41,000 for a consideration of approximately HK\$132,000, resulting in a gain on disposal of approximately HK\$91,000 which was included in loss from discontinued operation.

9. TRADE RECEIVABLES

The Group allows an average credit period of thirty to sixty days to customers. The ageing analysis of the trade receivables was as follows:

	As at 31 December 2008 HK\$'000	As at 30 June 2008 HK\$'000
1 — 30 days	3,646	268
31 — 60 days	477	1,128
61 — 90 days	424	182
Over 90 days	1,135	1,469
	5,682	3,047

10. INVENTORIES

	As at 31 December 2008 HK\$'000	As at 30 June 2008 HK\$'000
Raw materials	52	200
Work in progress	816	843
Finished goods	684	188
	1,552	1,231

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$9,972,000 (2007: Nil).

11. RESTRICTED BANK BALANCE

	As at 31 December 2008 HK\$'000	As at 30 June 2008 HK\$'000
Restricted bank balance (<i>Note</i>)	1,000	1,000

Note:

Restricted bank balance denominated in HK dollar represents mandatory reserve deposits placed by a subsidiary in a bank as pledges against facilities granted.

12. TRADE PAYABLES

The ageing analysis of trade payables was as follows:

	As at 31 December 2008 HK\$'000	As at 30 June 2008 HK\$'000
1 — 30 days	4,479	2,813
31 — 60 days	80	1,022
61 — 90 days	200	69
Over 90 days	574	682
	5,333	4,586

13. SHARE CAPITAL

	The Company	
	Ordinary shares of HK\$1.00 each	
	No. of shares	HK\$'000
Authorised:		
At 30 June 2008 and 31 December 2008	2,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2008 and 31 December 2008	97,892,069	97,892
At 1 July 2007 and 31 December 2007	97,692,069	97,692

14. OPERATING LEASE COMMITMENTS

The Group had total future aggregate minimum lease payments under non-cancellable operating leases which expire as follows:

	As at 31 December 2008 HK\$'000	As at 30 June 2008 HK\$'000
No later than 1 year	285	383
Later than 1 year	55	—
	340	383

15. RELATED PARTY TRANSACTIONS

The Group is controlled by Moral Glory International Limited (incorporated in the British Virgin Islands), which owns 56.54% of the Company's shares. The remaining 43.46% of the shares are widely held. In the opinion of the Directors, the ultimate holding company of the Company is Moral Glory International Limited.

(a) Period/year end balances with related party are as follows:

	As at 31 December 2008 HK\$'000	As at 30 June 2008 HK\$'000
Payable to a related company Mongolia Energy Corporation (Greater China) Limited	443	446

A Director and a substantial shareholder of the Company is also the common director of a related company.

The balance with related party is unsecured, interest free and repayable on demand.

(b) Key management compensation of the Group for the period is as follows:

	Six months ended 31 December 2008 HK\$'000	2007 HK\$'000
Salaries and other short-term employee benefits	429	591

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend for the six months ended 31 December 2008 (2007: Nil).

DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 31 December 2008, the interests or short positions of the directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(a) Long positions in the shares

Name of director	Capacity	Number of shares	Percentage of shareholding
Lo Lin Shing, Simon	Interest of a controlled corporation	55,355,406 (Note)	56.54%
Ho Hau Chong, Norman	Beneficial owner	78,000	0.07%

Note:

These shares are beneficially owned by Moral Glory International Limited, a company wholly-owned by Mr. Lo Lin Shing, Simon ("Mr. Lo").

(b) Long positions in the underlying shares

Save as disclosed in the section headed "Share Option Scheme", as at 31 December 2008, none of the directors, chief executives and their respective associates had any interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS UNDER THE SFO

The register of interests in shares and short positions maintained under section 336 of the SFO showed that as at 31 December 2008, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Long position of substantial shareholders in the shares and/or underlying shares

Name	Capacity in which such interest is held	Number of shares	Percentage of nominal value of issued share capital
Ku Ming Mei, Rouisa	Interest of spouse	55,433,406 (Note 1)	56.63%
Moral Glory International Limited	Beneficial owner	55,355,406 (Note 2)	56.54%

Notes:

- Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo and accordingly, she is deemed to be interested in 55,433,406 shares under the SFO.
- Moral Glory International Limited is wholly-owned by Mr. Lo.

Save as disclosed above and those disclosed under "Directors' interest and short positions", the Company had not been notified of other interests representing 5% or more of the issued share capital of the Company as at 31 December 2008.

SHARE OPTION SCHEME

Under the share option scheme adopted by the Company on 28 May 2002 (the "Option Scheme"), options were granted to certain directors, employees and other eligible participants of the Company entitling them to subscribe for shares of HK\$1.00 each in the capital of the Company.

Details of the movement in outstanding share options, which have been granted under the Option Scheme, during the period are as follows:

Name	Date of grant	Exercise price HK\$	Exercise period	Number of shares subject to options			
				As at 1 July 2008	Granted during the period	Cancelled/ Lapsed during the period	As at 31 December 2008
Director							
Lo Lin Shing, Simon	28/1/2005	1.260	28/1/2005 to 31/12/2010	78,000	—	—	78,000
				78,000	—	—	78,000

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December, 2008.

HUMAN RESOURCES

As at 31 December 2008, the Group had employed 21 full-time employees (at 30 June 2008: 25) in Hong Kong and Mainland China. 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 business 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 will be 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.

CORPORATE GOVERNANCE

The board of directors of the Company (the “Board”) recognizes 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 period ended 31 December 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, A.4.2 and E.1.2 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 (“Mr. Lo”) 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.

- iii. The code provision E.1.2 of the CG Code stipulates that the chairman of the Board should attend the annual general meeting (“AGM”) of the Company.

The chairman of the Board did not attend the 2008 AGM due to an urgent business engagement. An executive director had chaired the 2008 AGM and answered questions from shareholders. The chairman of the audit and remuneration committee was also available to answer questions at the 2008 AGM.

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 during the six months ended 31 December 2008.

AUDIT COMMITTEE

The audit committee currently comprises Mr. Tsui Hing Chuen, William *JP*, Mr. Lee Kee Wai, Frank and Mr. Lau Wai Piu (chairman of the audit committee), the three independent non-executive directors of the Company.

The audit committee has reviewed the unaudited interim accounts of the Group for the six months ended 31 December 2008.

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

Hong Kong, 18 March 2009.

During the period and as at the date of this document, the Board comprises the following members:

Executive directors

Lo Lin Shing, Simon (*Chairman*)
Ho Hau Chong, Norman

Independent non-executive directors

Tsui Hing Chuen, William, *JP*
Lee Kee Wai, Frank
Lau Wai Piu