New World Mobile

annual report 2009

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

(Stock Code : 862)

Contents

Corporate Information

Board of Directors

Executive Directors:

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

Independent Non-executive Directors:

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

Company Secretary

Mr. Tang Chi Kei

Independent Auditor

PricewaterhouseCoopers

Legal Adviser

Iu, Lai & Li

Principal Banker

Standard Chartered Bank

Audit Committee

Mr. Lau Wai Piu *(Chairman)*
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

Remuneration Committee

Mr. Lau Wai Piu *(Chairman)*
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

Registered Office

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Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal Place of Business in Hong Kong

Unit 309, 3/F,
Fook Hong Industrial Building,
19 Sheung Yuet Road, Kowloon Bay,
Hong Kong

Principal Share Registrar

Butterfield Fulcrum Group (Cayman) Limited
Butterfield House
68 Fort Street
P.O. Box 705
George Town
Grand Cayman KY1-1107
Cayman Islands

Hong Kong Branch Share Registrar

Tricor Abacus Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

Stock Code

862

Website

www.nwmhl.com.hk

Chairman's Statement

DEAR SHAREHOLDERS

On behalf of the board of directors (the "Board"), I hereby present to the shareholders the annual results of New World Mobile Holdings Limited (the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2009.

Results Summary

— Turnover increased by 7.7 times to HK$25.1 million (2008: HK$2.9 million)

— Loss attributable to equity holders of the Company was HK$4.5 million (2008: HK$11.6 million)

— Basic loss per share from continuing operations and discontinued operation was HK$0.05 (2008: HK$0.12)

Management Discussion and Analysis

Business Review

It was a challenging year for the Group due to the economic downturn induced by the financial tsunami which swept globally. Unavoidably, the Group has experienced negative impact on its business performance due to the adverse economic environment. However, through the management team's continuous effort, we are still a competitive player in the market offering broadband, multimedia and wireless solutions to the industry by having focus in the two business streams of project services and network solutions.

Due to our proven track record, the Group was appointed as one of the contractors by SmarTone-Vodafone in Hong Kong for their cellular system installation. In addition, the Group is striving to broaden its Project Service business into other areas such as indoor structural cabling, other telecom system installation etc. as well as partnering with other network operators and system manufacturers.

In Network Solutions business, the Group successfully participated in several large scale projects during the year that are meeting our Group's direction and positioning. These projects included:

Television Broadcast Limited (TVB) — the network synchronization of their high definition television digital broadcasting system. This project helps us to further strengthen the Group's expertise on system synchronization as well as preparing ourselves to apply this latest technology in the coming mobile digital broadcasting networks.

Amway Hong Kong Limited — a free Wi-Fi wireless access in their retail outlets and the internal Wi-Fi wireless access in their Hong Kong office. The Group will be benefit from this project by expanding similar applications to other local firms.

CSL Ltd. and Hong Kong Government — for the provision of advanced digital microwave technology to provide broadband wireless access and backhaul. This application helps users to extend their IP network to remote areas. This application will become a new market demand due to the increased bandwidth requirements by both the fixed and mobile operators as well as organisations that are looking for broadband solutions for specific applications such as video surveillance.

The Group's investment properties include a high-ended villa and an office building in Beijing, the PRC. During the year, the Group had appointed a local property agent to locate suitable tenants but in vain. The investment properties remained vacant as at 30 June 2009.

During the year, the management determined to exit the wireless value-added business due to poor business prospect and this exit was completed before the year end.

Financial Review

1. *Results Analysis*

For the year ended 30 June 2009, turnover from continuing operations was HK$25.1 million (2008: HK$2.9 million). The turnover was solely generated from the business of network solutions and project services. These business segments were acquired from an independent third party in late April 2008. The reflection of full year operating results from these business segments accounted for the more than 7 times increase in turnover.

Loss attributable to equity holders was HK$4.5 million (2008: HK$11.6 million).

2. *Liquidity and financial resources*

As at 30 June 2009, the capital and reserves attributable to the equity holders of the Company was HK$43.7 million (2008: HK$44.1 million). The Group had no bank or other borrowings as at 30 June 2009 (2008: Nil) and the bank balances were HK$27.9 million (2008: HK$35 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 30 June 2009 (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 30 June 2009, the Group did not have significant contingent liabilities (2008: Nil).

Outlook

Looking forward in the year of 2009-2010, the management continues to follow our well established business model and is pro-actively seeking new business opportunities, products and solutions in order to strengthen the Group's capability to serve the market.

With the splitting of the Network Solution business into Enterprise solution and Telecom Solution, targeting for different industry segments in early this year, the Group will continue to expand by recruiting additional sales staff with relevant industry expertise to penetrate these different market segments by the promotion of different solutions to meet individual customer's specific needs.

By mid-June 2009, the Group has teamed up with Motorola as their official partner to promote their TETRA trunk radio to the hospitality industry in Hong Kong. TETRA is a digital radio communication system with advanced technology currently used by the public security customers but is now commercialized for commercial use. Motorola is the leading supplier of TETRA in the market. The Group believes that such technology will gradually adopted by commercial users in the coming future.

With the granting of the Broadband Wireless Access (BWA) license by Hong Kong Government to the three mobile operators in Hong Kong, the Group foresees that there will be a higher business demand for both our Project Service and Network Solution businesses. The Group is ready to provide project service management and turn key implementation to these BWA operators by our Project Service Team as well as rolling out latest telecom solutions by our Network Solution Team to enable these operators with the BWA license can set up their network much more quickly by adopting the latest technology such as microwave and synchronization over Ethernet.

The increase in market demand for high bandwidth by both end users and network operators create good business opportunity for the Group's broadband solutions and services by offering microwave, "Mesh" and cabling service to these potential customers in the coming years. Therefore, the management team of the Group will continue to improve and grow our market position and penetration with an objective of long term competitiveness of the business.

Chairman's Statement

Appreciation

On behalf of the Board, I would like to thank our management and all colleagues for their hard work and dedication during the previous year as well as our valued shareholders, customers and working partners who have stood by the Group.

Lo Lin Shing, Simon
Chairman

Hong Kong, 22 October 2009

Corporate Governance Report

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 2009, 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 E.1.2 of the CG Code as summarised 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 of the Code, non-executive directors should be appointed for a specific term, subject to re-election.

   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.

Directors' Securities Transactions

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 2009.

Attendance Record at Board, Audit and Remuneration Committees' Meeting

The following was an attendance record of the Board and Board Committee Meetings held during the year ended 30 June 2009:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting
Number of meetings	**4**	**2**	**1**
Executive directors			
Mr. Lo Lin Shing, Simon	4/4	N/A	N/A
Mr. Ho Hau Chong, Norman	3/4	N/A	N/A
Independent non-executive directors and Members of Audit and Remuneration Committees			
Mr. Lau Wai Piu	3/4	2/2	1/1
Mr. Tsui Hing Chuen, William, *JP*	4/4	2/2	1/1
Mr. Lee Kee Wai, Frank	4/4	2/2	1/1

Board

a) Board Composition

The Board comprises two executive directors and three independent non-executive directors, serving the important function of guiding the management.

The Board members for the year ended 30 June 2009 and up to the date of the annual report were:

Executive directors
Mr. Lo Lin Shing, Simon
Mr. Ho Hau Chong, Norman

Independent non-executive directors
Mr. Lau Wai Piu
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

None of the members of the Board is related to one another.

The Company is in full compliance with the relevant Listing Rules relating to the appointment of at least 3 independent non-executive directors with at lease one independent non-executive director processing appropriate accounting qualification.

All independent non-executive directors are financially independent from the Company and any of its subsidiaries. The Company has received written annual confirmation of independence from each of the existing independent non-executive directors pursuant to Rule 3.13 of the Listing Rules. Accordingly, the Company considers all independent non-executive directors to be independent.

b) Roles and Function

The Board is responsible for formulating the strategic business development, reviewing and monitoring the business performance of the Group, as well as preparing and approving financial statements. The directors, collectively and individually, are aware of their responsibilities to shareholders, for the manner in which the affairs of the Company are managed and operated. In the appropriate circumstances and as when necessary, directors will consent to the seeking of independent professional advice at the Group's expense, ensuring that Board procedures, and all applicable rules and regulations, are followed.

The Board gives clear directions as to the powers delegated to the management for the management and administration functions of the Group, in particular, with respect to the circumstances where management should report back and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board will review those arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

For the year ended 30 June 2009, the Board:-

i. reviewed the performance of the Group and formulated business strategy of the Group;

ii. reviewed and approved the annual and interim results of the Group;

iii. reviewed the internal controls of the Group;

iv. reviewed and approved the general mandates to issue shares of the Company;

v. reviewed and approved the price-sensitive announcement; and

vi. reviewed and approved the auditor's remuneration and recommend the re-appointment of Pricewaterhouse Coopers as the independent auditor of the Group respectively.

To the best knowledge of the Company, there is no financial, business and family relationship among our directors. All of them are free to exercise their independent judgment.

c) Accountability and Audit

The directors are responsible for preparing the accounts of each financial period, which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The directors also ensure that the financial statements of the Group are prepared in accordance with the statutory requirements and applicable accounting policies.

In preparing the financial statements, the directors consider that the financial statements of the Group are prepared on the going concern basis and appropriate accounting policies have been consistently applied. The directors have also made judgments and estimates that are prudent and reasonable in the preparation of the financial statements.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 22 to 23.

d) Internal Control and Risk Management

The Board is responsible for the Group's system of internal control so as to maintain sound and effective internal controls to safeguard the shareholders' investment and the assets of the Group.

The Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group. This process includes continuous updating of the internal control system of the Group in response to the changing business environment and regulatory requirements. The Board is also conducting a review of the internal controls of the Group to ensure that the policies and procedures in place are adequate. During the year, an independent professional consultant was engaged to conduct an internal control review of the Group and reported to the Audit Committee and the Company. No major issue but only minor areas for improvement had been identified. The Board assesses the effectiveness of the Group's internal control system which covers all material controls, including financial, operational and compliance controls and risk management functions.

Board Committees

The Board has also established the following committees with defined terms of reference:

* Audit Committee

* Remuneration Committee

Each Board Committee makes decisions on matters within its terms of reference and applicable limits of authority. The terms of reference as well as the structure and membership of each committee will be reviewed from time to time.

Audit Committee

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

a) Composition of Audit Committee Members during the year and up to the date of this report

Mr. Lau Wai Piu *(Chairman of Audit Committee)*
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lee Kee Wai, Frank

b) Roles and Function

The Audit Committee is mainly responsible for:

i. to review the Group's financial and accounting policies and financial statements half yearly 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 in particular, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget; and

iv. to consider the appointment, resignation or dismissal of external auditors and their audit fees.

Remuneration Committee

The Remuneration Committee currently consists of three independent non-executive directors.

a) Composition of Remuneration Committee Members during the year and up to the date of this report

Mr. Lau Wai Piu *(Chairman of Remuneration Committee)*
Mr. Tsui Hing Chuen, William, JP
Mr. Lee Kee Wai, Frank

b) Roles and Function

The Remuneration Committee is mainly responsible for:

i. reviewing and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

ii. ensuring the remuneration offer is appropriate for the duties and in line with market practice;

iii. making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and engage an independent consultant to conduct a report on emoluments review; and

iv. ensuring that no director or any of his associates is involved in deciding his own remuneration. Where circumstances are considered appropriate, the Remuneration Committee decisions are approved by way of written resolutions passed by all the Remuneration Committee members.

Independent Auditor

It is the auditor's responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company, as a body, and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the independent auditor's report.

For the year ended 30 June 2009, PricewaterhouseCoopers provided the following services to the Group:

	HK$'000
Audit services	730
Non-audit services	–

Responsibilities In Respect Of The Financial Statements

The directors acknowledge their responsibility to prepare the financial statements for each financial period which give a true and fair view of the financial affairs of the Group.

Directors' Profile

EXECUTIVE DIRECTORS

Mr. Lo Lin Shing, Simon

Mr. Lo, aged 53, joined the Company in March 2000 and is currently an executive director of the Company. Mr. Lo has over 20 years of experience in the financial, securities and futures industries, including many trans-border transactions. Mr. Lo is the chairman of Mongolia Energy Corporation Limited and executive director of International Entertainment Corporation, all of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Mr. Ho Hau Chong, Norman

Mr. Ho, aged 54, was appointed as a non-executive director of the Company in November 2000 and re-designated as executive director in 11 January 2007. Mr. Ho has over 20 years of experience in management and property development. He is a member of the Institute of Chartered Accountants in England and Wales, and a fellow member of The Hong Kong Institute of Certified Public Accountants. Mr. Ho is a director of CITIC Pacific Limited, Starlight International Holdings Limited, Miramar Hotel and Investment Company, Limited, Hong Kong Ferry (Holdings) Company Limited, Lee Hing Development Limited and Shun Tak Holdings Limited, all of which are listed on the Stock Exchange.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lau Wai Piu

Mr. Lau, aged 45, was appointed as an independent non-executive director in March 2007. Mr. Lau has over 20 years extensive experience in accounting and financial management. He is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Mr. Lau is also an independent non-executive director of Taifook Securities Group Limited, Mongolia Energy Corporation Limited and International Entertainment Corporation, all of which are listed on the Stock Exchange.

Mr. Tsui Hing Chuen, William, *JP*

Mr. Tsui, aged 58, was appointed as an independent non-executive director in September 2006. Mr. Tsui is the founding partner of Messrs. Lo, Wong & Tsui, Solicitors & Notaries since 1980. He has been a solicitor of the High Court of Hong Kong since 1977, a solicitor of the Supreme Court of England & Wales since 1980, and a barrister and solicitor of the Supreme Court of Victoria, Australia since 1983. He has also been an advocate and solicitor of the Supreme Court of Republic of Singapore since 1985 and a notary public appointed by the Archbishop of Canterbury, England since 1988. Mr. Tsui was appointed as a Justice of the Peace by the Government of Hong Kong in 1997. He is also an independent non-executive director of Taifook Securities Group Limited, Mongolia Energy Corporation Limited and International Entertainment Corporation, all of which are listed on the Stock Exchange.

Mr. Lee Kee Wai, Frank

Mr. Lee, aged 50, was appointed as an independent non-executive director in April 2007. Mr. Lee is the Senior Partner of Messrs. Vincent T.K. Cheung, Yap & Co., Solicitors and Notaries. Mr. Lee is a qualified solicitor in the respective jurisdictions of Hong Kong, England, Singapore and the Australian Capital Territory. He is also a China- Appointed Attesting Officer and a member of the Chartered Institute of Arbitrators. Mr. Lee is a graduate of Bachelor of Laws from the London School of Economics & Political Science and has also obtained a Master of Laws degree from Cambridge University. Mr. Lee is also a non-executive director of Pico Far East Holdings Limited, a company listed on the Stock Exchange.

Director's Report

The directors present their report together with the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 30 June 2009.

Principal activities and geographical analysis of operations

The principal activity of the Company is investment holding and the activities of its principal subsidiaries are set out in note 19 to the financial statements.

The analysis of the principal activities and geographical locations of the operations of the Group for the year ended 30 June 2009 is set out in note 7 to the financial statements.

Results and appropriations

The results of the Group for the year ended 30 June 2009 are set out in the Consolidated Income Statement on page 24.

No interim dividend was declared for the year ended 30 June 2009 (2008: Nil) and the directors do not recommend the payment of final dividend for the year ended 30 June 2009 (2008: Nil).

Share capital and share options

Details of movements in the share capital and the share options of the Company during the year are set out in note 28 to the financial statements.

Reserves

Movements in reserves of the Group and the Company during the year are set out in note 29 to the financial statements.

Property, plant and equipment

Movements in property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

Group financial information

A summary of results, assets and liabilities of the Group for the five years ended 30 June 2009 is set out on page 69.

Director's Report

Major suppliers and customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

the largest supplier	33%
five largest suppliers in aggregate	53%

Sales

the largest customer	24%
five largest customers in aggregate	67%

None of the directors, their associates or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) has any interest in the Group's five largest suppliers or customers.

Directors

The directors of the Company during the year and up to the date of this report are as follows:

Executive directors

Mr. Lo Lin Shing, Simon
Mr. Ho Hau Chong, Norman

Independent non-executive directors

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

In accordance with article 116 of the Company's articles of association, Mr. Lo Lin Shing, Simon and Mr. Lee Kee Wai, Frank retires by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The directors of the Company, including the independent non-executive directors are subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of Company's articles of association.

Biographical details of the directors of the Group are set out on page 13.

Director's Report

Corporate governance

The Company is committed to maintaining a high standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 7 to 12.

Directors' interests and short positions

As at 30 June 2009, 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:

1 Long positions in the shares

Name of director	Capacity	Number of shares interested	Percentage of shareholding
Mr. Lo Lin Shing, Simon	Interest of a controlled corporation (Note)	55,355,406	56.55%
Mr. Ho Hau Chong, Norman	Beneficial	78,000	0.08%

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

2 Long positions in the underlying shares

Name of director	Capacity	Number of underlying shares interested	Percentage of shareholding
Mr. Lo Lin Shing, Simon	Personal	78,000	0.08%

Save as disclosed above and the section headed "Share Option Scheme", as at 30 June 2009, 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 30 June 2009, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

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

Name	Capacity in which such interest is held	Number of shares	Percentage of the Company's total of issued share capital
Ms. Ku Ming Mei, Rouisa (Note 1)	Interest of spouse	55,433,406	56.63%
Moral Glory International Limited (Note 2)	Beneficial owner	55,355,406	56.55%

Notes:–

1. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo Lin Shing, Simon ("Mr. Lo") and accordingly, she is deemed to be interested in 55,433,406 shares under the SFO.

2. Moral Glory International Limited is wholly-owned by Mr. Lo.

Directors' interests in competing businesses

During the year and up to the date of this report, to the best knowledge of the directors, none of the directors and their respective associates were considered to have any interests in the businesses which compete or were likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where the directors were appointed as directors to represent the interests of the Company and/or the Group.

Directors' interests in contracts of significance

No contracts of significance to which the Company, its ultimate holding company or any subsidiaries of its ultimate holding company was a part in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' service contracts

None of the directors proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

Management contracts

No contracts concerning the management and administration of the whole or any substantial part of the businesses of the Company were entered into or existed during the year.

Directors' rights to acquire shares or debentures

Save as disclosed under the section headed "Share option scheme" below, at no time during the year was the Company or any of its subsidiaries a party to any other arrangements to enable the directors or chief executive or any of their spouse or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company, its subsidiaries or any other body corporate.

Share option scheme

At an extraordinary general meeting of the Company held on 28 May 2002, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 11 September 1998 (the "1998 Share Option Scheme") and the adoption of a new share option scheme (the "2002 Share Option Scheme") in compliance with the requirements of the Listing Rules. Upon termination of the 1998 Share Option Scheme, no further options could be granted under the 1998 Share Option Scheme. However, the outstanding share options granted thereunder would continue to be valid and exercisable in accordance with the provisions of the 1998 Share Option Scheme.

The following is a summary of the terms of the 2002 Share Option Scheme:

1. Purpose

The purpose of the 2002 Share Option Scheme is to enable the Company to grant options to the participants as incentive or rewards for their contributions to the Group.

2. Participants

The participants of the 2002 Share Option Scheme include any director, employee, consultant, agent, supplier, customer or shareholder of the Group or any entity in which the Group holds any equity interest.

3. Number of shares available for issue

The total number of shares available for issue under the 2002 Share Option Scheme is 9,769,206 shares which represents 9.98% of the issued share capital of the Company as at the date of this report.

4. Maximum entitlement of each participant

The total number of shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue unless separately approved by the shareholders in general meeting.

5. Option period

An option may be exercised in accordance with the terms of the 2002 Share Option Scheme at any time during the period as the board of directors in its absolute discretion determine and in any event such period of time shall not be more than 10 years from the date upon which the offer of the option is made to the grantee.

6. Vesting period

The directors may, if consider appropriate, determine the minimum period for which an option must be held before it can be exercised.

7. Amount payable on acceptance of option

Upon acceptance of the offer for an option, the grantee shall pay HK$1.00 as consideration for the grant.

8. Subscription price

The subscription price for a share in respect of any option granted shall be a price determined by the board of directors in its absolute discretion but shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

9. Life of the scheme

The 2002 Share Option Scheme is valid and effective for a term of 10 years commencing 28 May 2002.

Movements of the share options granted under the 2002 Share Option Scheme during the year were as follows:

Name of director	Date of grant	Exercise price HK$	Exercise period	As at 1 July 2008	Cancelled during the year	Exercised during the year	As at 30 June 2009
Mr. Lo Lin Shing, Simon	28/1/2005	1.26	28/1/2005 to 31/12/2010	78,000	–	–	78,000

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.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Director's Report

Audit committee

The audit committee of the Company currently comprises Mr. Lau Wai Piu, Mr. Tsui Hing Chuen, William, *JP* and Mr. Lee Kee Wai, Frank who are independent non-executive directors of the Company and their principal duties include the review and supervision of the Company's financial reporting process, internal control procedures and relationship with the Company's independent auditors.

The audited financial statements for the year ended 30 June 2009 have been reviewed by the audit committee.

Human Resources

As at 30 June 2009, the Group had employed a total of 23 full-time employees (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 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.

Sufficiency of public float

Based on information that is publicly available to the Company and within the knowledge of the directors, the Company maintained the prescribed public float under the Listing Rules throughout the year ended 30 June 2009.

Independent Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Lo Lin Shing, Simon
Director

Hong Kong, 22 October 2009

Independent Auditor's Report

PRICEWATERHOUSECOOPERS

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TO THE SHAREHOLDERS OF NEW WORLD MOBILE HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of New World Mobile Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 24 to 68, which comprise the consolidated and Company balance sheets as at 30 June 2009, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2009 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 October 2009

Consolidated Income Statement

	Note	Year ended 30 June 2009 HK$'000	2008 HK$'000
Continuing operations:			
Turnover	6	**25,148**	2,903
Cost of sales	10	**(18,449)**	(2,380)
Gross profit		**6,699**	523
Other revenues	8	**424**	1,235
Other losses – net	9	**(12)**	(96)
Fair value gain on investment property		**230**	–
Administrative expenses	10	**(10,222)**	(3,950)
Operating loss from continuing operations before income tax		**(2,881)**	(2,288)
Income tax expense	13	**(23)**	–
Loss for the year from continuing operations		**(2,904)**	(2,288)
Discontinued operation:			
Loss from discontinued operation	14	**(1,555)**	(9,361)
Loss for the year attributable to equity holders of the Company		**(4,459)**	(11,649)
Loss per share attributable to the equity holders of the Company during the year	15		
From continuing operations and discontinued operation			
– Basic loss per share		**HK$0.05**	HK$0.12
– Diluted loss per share		**HK$0.05**	HK$0.12
From continuing operations			
– Basic loss per share		**HK$0.03**	HK$0.02
– Diluted loss per share		**HK$0.03**	HK$0.02
From discontinued operation			
– Basic loss per share		**HK$0.02**	HK$0.10
– Diluted loss per share		**HK$0.02**	HK$0.10

The notes on pages 29 to 68 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

	Note	As at 30 June 2009 HK$'000	 2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	17	**681**	4,601
Investment properties	18	**13,850**	7,370
Goodwill	20	**3,592**	3,592
		18,123	15,563
Current assets			
Trade receivables	21	**5,304**	3,047
Inventories	22	**1,674**	1,231
Prepayments, deposits and other receivables		**588**	1,069
Restricted bank balance	23	**–**	1,000
Cash and bank balances	24	**27,888**	35,000
		35,454	41,347
Total assets		**53,577**	56,910
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	28	**97,892**	97,892
Other reserves	29	**16,811**	12,740
Accumulated losses		**(71,015)**	(66,556)
Total equity		**43,688**	44,076
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	25	**286**	–
Current liabilities			
Trade payables	26	**5,184**	4,586
Accrued charges, other payables, deposits received and deferred revenue		**3,976**	7,802
Amount due to a related company	27	**443**	446
		9,603	12,834
Total liabilities		**9,889**	12,834
Total equity and liabilities		**53,577**	56,910
Net current assets		**25,851**	28,513
Total assets less current liabilities		**43,974**	44,076

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The notes on pages 29 to 68 are an integral part of these consolidated financial statements.

Balance Sheet

	Note	As at 30 June 2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	19	**15,680**	19,302
Current assets			
Amount due from a related company	27	**224**	224
Prepayments, deposits and other receivables		**79**	576
Cash and bank balances	24	**25,221**	30,440
		25,524	31,240
Total assets		**41,204**	50,542
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	28	**97,892**	97,892
Other reserves	29	**12,350**	14,243
Accumulated losses		**(74,619)**	(68,333)
Total equity		**35,623**	43,802
LIABILITIES			
Current liabilities			
Amount due to subsidiaries		**4,683**	4,640
Accrued charges and other payables		**898**	2,100
Total liabilities		**5,581**	6,740
Total equity and liabilities		**41,204**	50,542
Net current assets		**19,943**	24,500
Total assets less current liabilities		**35,623**	43,802

On behalf of the Board

Lo Lin Shing, Simon
Director

Ho Hau Chong, Norman
Director

The notes on pages 29 to 68 are an integral part of these financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 30 June 2009 HK$'000	2008 HK$'000
Cash flows from operating activities			
Net cash used in operating activities	30	**(7,819)**	(14,598)
Cash flows from investing activities			
Purchase of property, plant and equipment	17	**(329)**	(486)
Acquisition of subsidiaries, net of cash acquired		**–**	(5,939)
Cash outflows on disposals and deregistration of subsidiaries	31	**(1)**	–
Proceeds from sale of property, plant and equipment	30	**273**	204
Interest received	8	**201**	1,248
Net cash generated from/(used in) investing activities		**144**	(4,973)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		**–**	488
Net cash generated from financing activities		**–**	488
Net decrease in cash and cash equivalents		**(7,675)**	(19,083)
Cash and cash equivalents at the beginning of the year		**35,000**	54,652
Effect on foreign exchange rate changes		**563**	(569)
Cash and cash equivalents at the end of the year		**27,888**	35,000

The notes on pages 29 to 68 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

	Share capital HK$'000	Other reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2007	97,692	12,901	(54,907)	55,686
Currency translation differences	–	(449)	–	(449)
Loss for the year	–	–	(11,649)	(11,649)
Total recognised loss for the year	–	(449)	(11,649)	(12,098)
Issue of ordinary shares	200	288	–	488
At 30 June 2008 and 1 July 2008	97,892	12,740	(66,556)	44,076
Currency translation differences	**–**	**1,705**	**–**	**1,705**
Revaluation gain	**–**	**2,366**	**–**	**2,366**
Loss for the year	**–**	**–**	**(4,459)**	**(4,459)**
Total recognised income/(loss) for the year	**–**	**4,071**	**(4,459)**	**(388)**
At 30 June 2009	**97,892**	**16,811**	**(71,015)**	**43,688**

The notes on pages 29 to 68 are an integral part of these consolidated financial statements.

Notes to the Financial Statements

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 year, the Group discontinued the technology related business as set out in note 14.

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").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 22 October 2009.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Application of new and revised Hong Kong Financial Reporting Standards

The Group has adopted the following new/revised amendments and interpretations to existing standards ("new HKFRSs") issued by the HKICPA which are effective or have become effective for the Group's financial year beginning 1 July 2008.

HKAS 39 & HKFRS 7 (Amendment)	Reclassification of Financial Assets
HK(IFRIC) — Int 12	Service Concession Arrangements
HK(IFRIC) — Int 13	Customer Loyalty Programmes
HK(IFRIC) — Int 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new HKFRSs has no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been required.

The Group has not early adopted the following new and revised standards, amendments or interpretations to existing standards 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 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKAS 39 (Amendment)	Eligible Hedged Items[2]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a subsidiary, Jointly Controlled Entity or Associate[1]
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[1]
HKFRS 8	Operating Segments[1]
HK(IFRIC) — Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[3]
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[2]
HK(IFRIC) — Int 17	Distributions of Non-cash Assets to Owner[2]
HK(IFRIC) — Int 18	Transfers of Assets from Customers[4]

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Application of new and revised Hong Kong Financial Reporting Standards *(Continued)*

[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 ending on or after 30 June 2009
[4] Effective for transfers on or after 1 July 2009

The application of HKFRS 3 (Revised) may affect the Group's accounting for a business combination for which the acquisition date is on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group'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 adoption of the other new and revised standards, amendments and interpretations to existing standards will have no material impact on the results and the financial position of the Group.

Apart from the above, a number of improvements and minor amendments to HKFRSs have also been issued but are not yet effective for the accounting period ended 30 June 2009 and have not been adopted in these consolidated financial statements.

(b) Group accounting

(i) Consolidation

The consolidated financial statements include the financial statements of the Company and of all its direct and indirect subsidiaries made up to 30 June.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(b) Group accounting *(Continued)*

(i) Consolidation (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary in the consolidated financial statements to ensure consistency with the policies adopted by the Group.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units that are expected to benefit from business combination in which the goodwill arose identified according to operating segment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computer equipment	20%
Furniture, fixtures and equipment	20%
Leasehold improvements	shorter of the lease term or 20%
Motor vehicles	20%

Building situated in leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

Historical costs of property, plant and equipment include expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other (losses)/gains – net in the income statement.

(d) Impairment of investment in subsidiaries and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are at least tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Investment property

Investment property is property held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value. These properties are valued by independent valuers. The valuations are performed in accordance with the Valuation Standards on Properties issued by the Hong Kong Institute of Surveyors and are on an open market basis. Changes in fair values are recorded in the consolidated income statement as part of other income.

(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw material, direct labour and related overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(g) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the provision is recognised in the income statement within administrative expenses.

When trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expense in the consolidated income statement.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(i) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(k) Employee benefits

(i) Retirement benefits

For employees in Hong Kong, a mandatory provident fund scheme ("MPF Scheme") has been established pursuant to the Hong Kong Mandatory Provident Fund Scheme Ordinance under which the Group's Hong Kong eligible employees are compulsorily required to join the MPF scheme. Employer's mandatory contributions are 100% vested in the employees as soon as they are paid to the MPF scheme.

Contributions made by the Group under the MPF Scheme are charged to the income statement as they become payable in accordance with the rules of the scheme. The assets of the MPF Scheme are held separately from those of the Group and managed by independent professional fund managers.

For employees in the Mainland China, the Group contributes to retirement schemes established by municipal government in respect of certain subsidiaries in the PRC.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Employee benefits *(Continued)*

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(iii) Bonus

Provisions for bonus due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iv) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(l) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

(m) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue derived from network solutions is recognised when the delivery of goods to the customers and/or the installation work is completed.

Revenue derived from project services is recognised on stage of completion method, measured by reference to the agreed milestones of work performed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Revenue recognition *(Continued)*

Warranty and maintenance service income is recognised in the period the services are provided, using a straight line basis over the term of the contract.

The Group derives technology related services revenue from the provision of value-added telecommunications services ("VAS"). The Group recognises its revenue net of applicable business taxes and other related taxes. Wireless VAS revenue is derived principally from providing mobile phones users with short messaging services, multimedia messaging services and wireless application protocol. These services are substantially billed on a monthly subscription basis or a per message basis (the "Service Fees"). These services are predominately delivered through the platforms of various subsidiaries of China Mobile Communications Corporation and they also collect the Service Fees on behalf of the Group.

Interest income is recognised on a time proportion basis using the effective interest method.

(o) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in the income statement on a straight-line basis over the period of the lease.

(p) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of equity.

On consolidation exchange differences arising from the translation of the net investment in the PRC operations and of borrowings are taken to shareholders' equity. When a foreign operation is potentially disposed of or sold, exchange differences that were recorded in equity are recognized in the consolidated income statement as part of the gain or loss on disposal/sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk, and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management. The management manages and monitors these risk exposures to ensure appropriate measures are implemented on a timely and effective manners.

(a) Market risk

(i) Foreign exchange risk

The Group operates in Hong Kong and the Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United State Dollars ("USD") and Renminbi ("RMB"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments.

The Group manages its foreign exchange risk by engaging in transactions mainly in HK dollar, USD and RMB to the extent possible. The Group manages its exposure through constant monitoring to minimize the amount of its foreign currencies exposures.

At 30 June 2009, if HK dollar had weakened/strengthened by 10% against the USD with all other variables held constant, post-tax loss for the year would have been approximately HK$76,000 (2008: post-tax loss of approximately HK$82,000) higher/lower, mainly as a result of foreign exchange losses/gains on translation of USD-denominated cash and bank balances, trade and other receivables and trade and other payables.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(i) Foreign exchange risk *(Continued)*

At 30 June 2009, if HK dollar had weakened/strengthened by 10% against the RMB with all other variables held constant, post-tax loss for the year would have been approximately HK$25,000 (2008: post-tax loss of approximately HK$27,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of RMB-denominated cash and bank balances, trade and other receivables and trade and other payables.

(ii) Price risk

The Group is not exposed to significant price risk.

(iii) Cash flow and fair value interest rate risk

The Group's principal interest bearing assets are bank deposits. The Group manages cash balances and deposits by comparing quotations from banks, with a view to select for the terms that are most favourable to the Group.

The Group is not significantly exposed to fair value interest rate risks as the Group has no significant interest-bearing assets, except for cash at banks, and has no borrowing. The Group's income and operating cashflows are substantially independent from changes in market interest rates.

(b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

4. FINANCIAL RISK MANAGEMENT *(Continued)*

4.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

The maximum exposure to credit risk at the reporting date is the carrying amounts of aforementioned assets. Management does not expect losses from non-performance by these counterparties.

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, and the availability of funding from an adequate amount of committed credit facilities. Management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flow.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000
Group				
At 30 June 2009				
Trade and other payables	**8,664**	–	–	–
At 30 June 2008				
Trade and other payables	11,809	–	–	–
Company				
At 30 June 2009				
Other payables	**898**	–	–	–
At 30 June 2008				
Other payables	2,100	–	–	–

4. FINANCIAL RISK MANAGEMENT *(Continued)*

4.2 Capital risk management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of equity attributable to the equity holders of the Group comprising share capital and reserves.

The management of the Group reviews the capital structure regularly, taking into account of the cost and risk associated. The Group will then balance its capital structure through the payment of dividends and new shares issues.

4.3 Fair value estimation

The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) Revenue Recognition

The Group uses the stage of completion method in accounting for its fixed-price contracts to deliver project services. Use of the stage of completion method requires the Group to estimate the services performed to date as a proportion of the total services to be performed. Where the proportion of services performed to total services to be performed differ by 10% from management's estimates, the amount of revenue recognised in the year would be increased by HK$133,000 (2008: HK$27,000) if the proportion performed was increased, or would be decreased by HK$137,000 (2008: HK$27,000) if the proportion performed was decreased.

5. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

(Continued)

(b) Allowance for obsolete inventories

The management reviews the inventories listing at each balance sheet date and identifies obsolete and slow moving inventory items which are no longer suitable for use in production or diminution in net realisable value. Allowance was made by reference to the latest market value for those inventories identified. In addition, management carries out an inventory review on a product-by-product basis at balance sheet date and makes the necessary write-down for obsolete items.

(c) Impairment of receivables

Management determines the provision for impairment of trade and other receivables based on the credit history of its customers and the current market condition. The Group reassesses the provision on each of the balance sheet date.

Significant judgment is exercised on the assessment of the collectability of trade receivables from each customer. In making its judgment, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial position. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

(d) Investment property

Investment property is carried in the balance sheet at fair value as determined by professional valuation. In determining the fair value of the investment property, the valuer uses assumptions and estimates that reflect, amongst other things, comparable market transactions. Judgment is required to determine the principal valuation assumptions to determine the fair value of the investment property. Change in fair value of investment property is recorded in the consolidated income statement as part of other income.

6. TURNOVER

An analysis of the Group's revenue for the year, for both continuing and discontinued operations, is as follows:

	2009 HK$'000	2008 HK$'000
Continuing operations		
Network solutions	**15,134**	1,928
Project services	**10,014**	975
	25,148	2,903
Discontinued operation		
Technology related services	**19**	535
	25,167	3,438

7. SEGMENT INFORMATION

Primary reporting format – business segments

For management purposes, the Group is currently organised into three operating divisions which are network solutions, project services and property investments. The Group was also involved in technology related services but the business was discontinued during the year. For details, please refer to note 14.

Network solutions – Provision of total system solution including data networking solution, synchronisation, timing solution, wireless local area network solution and network access control solution.

Project services – Provision of infrastructure installation services which include cellular base station and antenna system installation service, structural cabling installation service and microware installation service.

Property investments – Investments in property market in the PRC.

Technology related services – Provision of internet content services and tele-communication value-added services in the PRC (discontinued during the year).

7. SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments *(Continued)*

The segment results for the year ended 30 June 2009 are as follows:

	Continuing operations				Discontinued operation
	Network solutions HK$'000	Project services HK$'000	Property investments HK$'000	Total HK$'000	Technology related services HK$'000
Turnover	15,134	10,014	–	25,148	19
Segment results	4,717	1,983	(176)	6,524	(1,647)
Unallocated expenses				(10,047)	–
Other revenues				424	1
Other (losses)/gains, net				(12)	91
Fair value gain on investment property				230	–
Loss before income tax				(2,881)	(1,555)
Income tax expense				(23)	–
Loss for the year				(2,904)	(1,555)
Other segment information					
Depreciation	57	12	11	80	71
Unallocated depreciation				261	–
				341	71
Capital expenditures	215	–	82	297	–
Unallocated capital expenditures				32	–
				329	–

7. SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments *(Continued)*

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

	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	1,928	975	–	2,903	535
Segment results	450	72	–	522	(9,199)
Unallocated expenses				(3,949)	–
Other revenue				1,235	13
Other losses, net				(96)	(175)
Loss before income tax				(2,288)	(9,361)
Income tax expense				–	–
Loss for the year				(2,288)	(9,361)
Other segment information					
Depreciation	3	1	–	4	1,030
Unallocated depreciation				145	–
				149	1,030
Capital expenditures	64	4	–	68	466
Unallocated capital expenditures				383	–
				451	466

7. SEGMENT INFORMATION *(Continued)*

Primary reporting format – business segments *(Continued)*

The segment assets and liabilities as at 30 June 2009 are as follows:

	Continuing operations					Discontinued operation
	Network solutions HK$'000	Project services HK$'000	Property investments HK$'000	Unallocated HK$'000	Total HK$'000	Technology related services HK$'000
Segment assets	3,161	4,297	14,189	31,930	53,577	—
Segment liabilities	2,348	3,536	770	3,235	9,889	—

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

	Continuing operations					Discontinued operation
	Network solutions HK$'000	Project services HK$'000	Property investments HK$'000	Unallocated HK$'000	Total HK$'000	Technology related services HK$'000
Segment assets	1,816	2,604	8,163	39,327	51,910	5,000
Segment liabilities	2,832	2,605	599	4,587	10,623	2,211

7. SEGMENT INFORMATION *(Continued)*

Secondary reporting format – geographical segments

The Group is operating in two main geographical areas:

Hong Kong: Network solutions and project services

Mainland China: Technology related services (discontinued during the year) and property investments

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

	Segment assets		Turnover		Capital expenditures	
	2009	2008	**2009**	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Hong Kong	**38,958**	44,242	**25,148**	2,903	**247**	451
Mainland China	**14,619**	12,668	**19**	535	**82**	466
	53,577	56,910	**25,167**	3,438	**329**	917

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

8. OTHER REVENUES

	2009	2008
	HK$'000	HK$'000
Continuing operations		
Bank interest income	**200**	1,235
Sundry income	**224**	–
	424	1,235
Discontinued operation		
Bank interest income	**1**	13
	425	1,248

9. OTHER LOSSES – NET

	2009 HK$'000	2008 HK$'000
Continuing operations		
Loss on disposal of property, plant and equipment	**(44)**	(96)
Others	**32**	–
	(12)	(96)
Discontinued operation		
Gain/(loss) on disposal of property, plant and equipment	**91**	(175)
	79	(271)

10. EXPENSES BY NATURE

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

	2009 HK$'000	2008 HK$'000
Continuing operations		
Cost of inventories	**9,773**	1,453
Subcontracting fees for project services	**7,320**	856
Auditor's remuneration	**847**	1,390
Depreciation of property, plant and equipment	**341**	149
Exchange losses – net	**403**	313
Employee benefit expenses, including Directors' emoluments (Note 11)	**6,986**	1,542
Operating lease rentals for land and buildings	**623**	86
Discontinued operation		
Auditor's remuneration	**3**	52
Depreciation of property, plant and equipment	**71**	1,030
Exchange losses – net	**851**	249
Employee benefit expenses, including Directors' emoluments (Note 11)	**543**	7,523
Impairment loss on property, plant and equipment (Note 17)	**–**	165
Operating lease rentals for land and buildings	**98**	593

11. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2009 HK$'000	2008 HK$'000
Continuing operations		
Wages and salaries	6,721	1,508
Pension costs – defined contribution plans	265	34
	6,986	1,542
Discontinued operation		
Wages and salaries	462	6,836
Bonuses	–	19
Pension costs – defined contribution plans	81	668
	543	7,523
	7,529	9,065

The retirement benefit costs under MPF Scheme charged to the consolidated income statement represent the net contribution after netting off with forfeited contributions of HK$2,000 (2008: HK$179,000). At 30 June 2009, no contribution was outstanding to the scheme and there was no unutilised forfeited contributions (2008: Nil).

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

	2009 HK$'000	2008 HK$'000
Fees	560	560
Other emoluments:	–	–
	560	560

None of the directors of the Company waived any emoluments during the year (2008: Nil).

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS
(Continued)

(a) Directors' emoluments *(Continued)*

Details of the emoluments paid and payable to the directors of the Company are as follows:

Name of Director	Year ended 30 June 2009 Fees HK$'000	Salaries and allowances HK$'000	Bonuses HK$'000	Pension costs HK$'000	Total HK$'000
Executive Directors					
Mr. Lo Lin Shing, Simon	100	–	–	–	100
Mr. Ho Hau Chong, Norman	100	–	–	–	100
Independent Non-Executive Directors					
Mr. Lau Wai Piu	120	–	–	–	120
Mr. Tsui Hing Chuen, William, *JP*	120	–	–	–	120
Mr. Lee Kee Wai, Frank	120	–	–	–	120
	560	–	–	–	560

Name of Director	Year ended 30 June 2008 Fees HK$'000	Salaries and allowances HK$'000	Bonuses HK$'000	Pension costs HK$'000	Total HK$'000
Executive Directors					
Mr. Lo Lin Shing, Simon	100	–	–	–	100
Mr. Ho Hau Chong, Norman	100	–	–	–	100
Independent Non-Executive Directors					
Mr. Lau Wai Piu	120	–	–	–	120
Mr. Tsui Hing Chuen, William, *JP*	120	–	–	–	120
Mr. Lee Kee Wai, Frank	120	–	–	–	120
	560	–	–	–	560

12. DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(Continued)

(b) Five highest paid individuals

None of the directors were included in the five highest paid individuals for the year ended 30 June 2009 (2008: Nil). The emoluments payable to the five (2008: five) individuals during the year are as follows:

	2009 **HK$'000**	2008 HK$'000
Salaries and allowances	**2,895**	2,760
Pension costs – defined contribution plans	**48**	88
	2,943	2,848

The emoluments of the individuals fell within the following bands:

	Number of individuals	
	2009	2008
Emolument bands		
– HK$1 to HK$1,000,000	**5**	4
– HK$1,000,001 to HK$1,500,000	**–**	1

13. INCOME TAX EXPENSE

	2009 HK$'000	2008 HK$'000
Current tax		
– Hong Kong profits tax	–	–
– Overseas taxation	–	–
	–	–
Deferred tax		
– Origination of temporary differences (Note 25)	23	–
Total income tax expense	23	–

	2009 HK$'000	2008 HK$'000
Loss before income tax	(4,436)	(11,649)
Calculated at a taxation rate of 16.5%	(732)	(1,922)
Effect of different taxation rate in other country	(501)	(903)
Income not subject to tax	(362)	(276)
Expenses not deductible for taxation purposes	664	463
Tax losses not recognised	931	2,638
Temporary differences recognised	23	–
Income tax expense	23	–

14. DISCONTINUED OPERATION

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

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

	2009 **HK$'000**	2008 HK$'000
Turnover	**19**	535
Other revenue	**1**	13
Other gain/(loss), net	**91**	(175)
Staff cost, depreciation and other expenses	**(1,666)**	(9,734)
Loss before income tax	**(1,555)**	(9,361)
Income tax	**–**	–
Loss for the year	**(1,555)**	(9,361)
Net cash used in operating activities	**(564)**	(867)
Net cash generated from/(used in) investing activities	**133**	(319)
Total net cash outflow	**(431)**	(1,186)

There were no assets and liabilities of the discontinued operation as at 30 June 2009.

15. LOSS PER SHARE

The calculations of basic and diluted loss per shares are based on following information:

	2009 HK$'000	2008 HK$'000
Attributable to the equity holders of the Company, as used in the calculation of basic and diluted loss per shares		
Loss from continuing operations and discontinued operation	**(4,459)**	(11,649)
Loss from continuing operations	**(2,904)**	(2,288)
Loss from discontinued operation	**(1,555)**	(9,361)
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculating basic loss per share	**97,892,069**	97,779,192
Effect of dilutive potential ordinary shares (Note):		
Share options	**–**	–
Weighted average number of ordinary shares for diluted loss per share (Note)	**97,892,069**	97,779,192

Note:

The diluted loss per share is the same as basic loss per share presented as there was no dilutive effect from the exercise of share options on the loss attributable to shareholders.

16. LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the financial statements of the Company to the extent of HK$6,286,000 for the year ended 30 June 2009 (2008: HK$52,813,000).

17. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Leasehold building HK$'000	Computer equipment HK$'000	Furniture, fixtures and equipment HK$'000	Leasehold improvements HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost						
At 1 July 2007	3,900	2,343	148	–	767	7,158
Additions	–	202	20	–	264	486
Acquisition of subsidiaries	–	–	381	50	–	431
Impairment loss	–	(165)	–	–	–	(165)
Disposals	–	(2,538)	(160)	–	(544)	(3,242)
Exchange differences	–	177	10	–	119	306
At 30 June 2008 and 1 July 2008	3,900	19	399	50	606	4,974
Additions	**–**	**–**	**247**	**82**	**–**	**329**
Disposals	**–**	**–**	**–**	**–**	**(262)**	**(262)**
Transfer to investment properties	**(3,900)**	**–**	**–**	**–**	**–**	**(3,900)**
Exchange differences	**–**	**1**	**–**	**–**	**23**	**24**
At 30 June 2009	**–**	**20**	**646**	**132**	**367**	**1,165**
Accumulated depreciation						
At 1 July 2007	127	1,523	69	–	56	1,775
Charge for the year	101	806	87	9	176	1,179
Disposals	–	(2,435)	(134)	–	(198)	(2,767)
Exchange differences	–	121	5	–	60	186
At 30 June 2008 and 1 July 2008	228	15	27	9	94	373
Charge for the year	**51**	**1**	**190**	**52**	**118**	**412**
Disposals	**–**	**–**	**–**	**–**	**(36)**	**(36)**
Transfer to investment properties	**(279)**	**–**	**–**	**–**	**–**	**(279)**
Exchange differences	**–**	**1**	**–**	**–**	**13**	**14**
At 30 June 2009	**–**	**17**	**217**	**61**	**189**	**484**
Net book value						
At 30 June 2008	3,672	4	372	41	512	4,601
At 30 June 2009	**–**	**3**	**429**	**71**	**178**	**681**

18. INVESTMENT PROPERTIES – GROUP

	2009 HK$'000	2008 HK$'000
At beginning of the year	7,370	–
Acquisition of a subsidiary	–	7,370
Transfer from leasehold building (Note 17)	3,621	–
Fair value gains on investment properties	2,859	–
At end of the year	13,850	7,370

The Group's investment properties were revalued on an open market value basis at 30 June 2009 by Jones Lang LaSalle Sallmanns Limited, an independent professionally qualified valuer. Valuation was based on current prices in an active market, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The difference of net book value and fair value upon transfer from leasehold building is recognised in revaluation reserve, while subsequent changes in fair values are recorded in the consolidated income statement. No rental income has been generated during the year (2008: Nil). Direct operating expenses arising from the investment properties amounted to approximately HK$198,000 during the year.

The investment properties are located in the PRC and are held on medium term leases.

19. INVESTMENTS IN SUBSIDIARIES – COMPANY

	2009 HK$'000	2008 HK$'000
Unlisted investments, at costs (Note a)	31,741	42,670
Amounts due from subsidiaries (Note b)	137,751	159,879
	169,492	202,549
Less: Provision for impairment	(153,812)	(183,247)
	15,680	19,302

19. INVESTMENTS IN SUBSIDIARIES – COMPANY *(Continued)*

Notes:

(a) Particulars of the principal subsidiaries of the Company at 30 June 2009 are as follows:

Name	Place of incorporation	Particulars of issued share capital	Interest held by the Company	Interest held by the Group	Principal activities and place of operation
Cyber On-Air (Asia) Limited	Hong Kong	100 ordinary shares of HK$1 each and 100,000 non-voting deferred shares of HK$1 each	–	100%	Provision of network solutions and project services in Hong Kong
Jetco Technologies Limited	Hong Kong	1,250,000 ordinary shares of HK$1 each	–	100%	Property investment in the PRC
Lipro Prosper Limited	Hong Kong	2 ordinary shares of HK$1 each	–	100%	Property investment in the PRC

(b) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

20. GOODWILL – GROUP

	2009 HK$'000	2008 HK$'000
At beginning of the year	**3,592**	–
Acquisition of subsidiaries	**–**	3,592
At end of the year	**3,592**	3,592

21. TRADE RECEIVABLES – GROUP

	2009 HK$'000	2008 HK$'000
Trade receivables	**5,333**	3,079
Less: provision for impairment of trade receivables	**(29)**	(32)
Trade receivables – net	**5,304**	3,047

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

	2009 HK$'000	2008 HK$'000
1 – 30 days	**2,702**	268
31 – 60 days	**631**	1,128
61 – 90 days	**486**	182
91 – 180 days	**674**	1,198
Over 180 days	**811**	271
	5,304	3,047

As of 30 June 2009, trade receivables of HK$2,592,000 (2008: HK$2,779,000) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2009 HK$'000	2008 HK$'000
Past due 1 – 30 days	**385**	1,128
Past due 31 – 60 days	**576**	182
Past due 61 – 90 days	**403**	291
Past due 91 – 180 days	**636**	1,111
Past due over 180 days	**592**	67
	2,592	2,779

As of 30 June 2009, trade receivables of HK$29,000 (2008: HK$32,000) were impaired, and full provision were made on these trade receivables. The individually impaired receivables mainly relate to several customers, which are in unexpected difficult economic situations. The ageing of these trade receivables is over 90 days.

21. TRADE RECEIVABLES – GROUP *(Continued)*

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2009 HK$'000	2008 HK$'000
HK dollars	5,266	2,851
Renminbi	–	29
US dollars	38	167
	5,304	3,047

The carrying amounts of trade receivables approximate their fair values.

Movements on the provision for impairment of trade receivables are as follows:

	2009 HK$'000	2008 HK$'000
At the beginning of the year	32	6,197
Acquisition of subsidiaries	–	32
Provision for receivables impairment	29	–
Provision written off during the year as uncollectible	(32)	(6,197)
At the end of the year	29	32

The creation of provision for impaired receivables have been included in administrative expenses in the consolidated income statement.

The maximum exposure to credit risk at the reporting date is the fair value of trade receivables mentioned above. The Group does not hold any collateral as security.

22. INVENTORIES – GROUP

	2009 HK$'000	2008 HK$'000
Raw materials	33	200
Work in progress	1,088	843
Finished goods	553	188
	1,674	1,231

The cost of inventories recognised as expense and included in cost of goods sold amounted to HK$9,773,000 (2008: HK$1,453,000).

23. RESTRICTED BANK BALANCE – GROUP

	2009 HK$'000	2008 HK$'000
Restricted bank balance	–	1,000

As at 30 June 2008, restricted bank balance denominated in HK dollar represents mandatory reserve deposits placed by a newly acquired subsidiary in a bank as pledges against facilities granted. The weighted average effective interest rate per annum on restricted bank balance was 0.84%.

24. CASH AND BANK BALANCES – GROUP AND COMPANY

	Group		Company	
	2009 HK$'000	2008 HK$'000	2009 HK$'000	2008 HK$'000
Cash at banks and on hand	27,888	35,000	25,221	30,440

The cash and bank balances of the Group as at 30 June 2009 included balances with the PRC banks totalling HK$240,000 (2008: HK$746,000) which were denominated in RMB and USD. The remittance of these balances outside the PRC is subject to foreign exchange control rules and regulations of the PRC.

The weighted average effective interest rate on short-term bank deposits was 0.42% (2008: 1.54%) per annum. The maturity days of the short-term bank deposit ranged from one week to one month.

25. DEFERRED INCOME TAX LIABILITIES – GROUP

	Investment properties HK$'000
At 1 July 2007 & 2008	–
Charge to income statement (Note 13)	23
Charge to equity (Note 29)	263
At 30 June 2009	286

The Group has no deferred tax asset recognised for the year (2008: Nil). Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. In this regard, the Group has estimated tax losses of HK$156,575,000 (2008: HK$173,353,000) to carry forward against future taxation income. Except for the tax losses of HK$47,216,000 (2008: HK$85,620,000) expiring within 5 years, the balance has no expiry date. These tax losses have not been recognised due to uncertainty of their future recoverability.

26. TRADE PAYABLES – GROUP

The ageing analysis of the trade payables is as follows:

	2009 HK$'000	2008 HK$'000
1 – 30 days	4,431	2,813
31 – 60 days	408	1,022
61 – 90 days	76	69
91 – 180 days	133	411
Over 180 days	136	271
	5,184	4,586

The carrying amounts of trade payables approximate its fair value.

27. AMOUNTS DUE FROM/(TO) A RELATED COMPANY – GROUP AND COMPANY

The amounts due from/(to) a related company are unsecured, interest-free and repayable on demand.

Mr. Lo Lin Shing, Simon, a director of the Company, is also a director of the related company.

28. SHARE CAPITAL – GROUP AND COMPANY

	Ordinary shares of HK$1.00 each	
	No. of shares	HK$'000
Authorised:		
At 1 July 2007, 30 June 2008 and 2009	2,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2007	97,692,069	97,692
Issue of new ordinary shares (Note)	200,000	200
At 30 June 2008 and 30 June 2009	97,892,069	97,892

28. SHARE CAPITAL *(Continued)*

Note:

Share option schemes

At an extraordinary general meeting of the Company held on 28 May 2002, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 11 September 1998 (the "1998 Share Option Scheme") and the adoption of a new share option scheme (the "2002 Share Option Scheme") in compliance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchanges (the "Listing Rules"). Upon termination of the 1998 Share Option Scheme, no further options could be granted under the 1998 Share Option Scheme. However, the outstanding share options granted there under would continue to be valid and exercisable in accordance with the provisions of the 1998 Share Option Scheme.

The 2002 Share Option Scheme is valid and effective for a period of 10 years commencing on 28 May 2002. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time unless separately approved by the shareholders in general meeting.

An option may be exercised in accordance with the terms of the 2002 Share Option Scheme at any time during the period as the board of directors at their absolute discretion determine and in any event such period shall not be more than 10 years from the date upon which the offer of the option is made to the grantee. The directors may, if consider appropriate, determine the minimum period for which an option must be held before it can be exercised.

Upon acceptance of the offer for an option, the grantee shall pay HK$1.00 as consideration for the grant. The subscription price of a share in respect of any option granted shall be determined by the board of directors at their absolute discretion but shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

Movements in the share options are as follows:

1998 Share Option Scheme:	Exercise period	Exercise price HK$	Number of options
At 1 July 2007			200,000
Exercised	9.2.2002 to 8.2.2008	2.44	(200,000)
At 30 June 2008 and 30 June 2009			–

Share options outstanding at the year end have the following expiry dates and exercise prices:

2002 Share Option Scheme:	Exercise period	Exercise price HK$	Number of options
At 30 June 2008 and 30 June 2009	28.1.2005 to 31.12.2010	1.26	78,000

29. OTHER RESERVES

(a) Group

	Share premium HK$'000	Revaluation reserve HK$'000	Currency translation reserve HK$'000	Total HK$'000
At 1 July 2007	12,062	–	839	12,901
Currency translation differences	–	–	(449)	(449)
Premium on issue of new ordinary shares	288	–	–	288
At 30 June 2008 and 1 July 2008	12,350	–	390	12,740
Currency translation differences	**–**	**–**	**1,705**	**1,705**
Revaluation gain on investment property	**–**	**2,629**	**–**	**2,629**
Deferred income tax liabilities	**–**	**(263)**	**–**	**(263)**
At 30 June 2009	**12,350**	**2,366**	**2,095**	**16,811**

(b) Company

	Share premium HK$'000	Currency translation reserve HK$'000	Total HK$'000
At 1 July 2007	12,062	–	12,062
Premium on issue of new ordinary shares	288	–	288
Currency translation differences	–	1,893	1,893
At 30 June 2008 and 1 July 2008	12,350	1,893	14,243
Currency translation differences	**–**	**(1,893)**	**(1,893)**
At 30 June 2009	**12,350**	**–**	**12,350**

Note: The share premium is to be applied as the directors of the Company may consider appropriate, subject to the compliance with the laws of Cayman Islands.

30. NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of loss before income tax to net cash used in operations:

	2009 HK$'000	2008 HK$'000
Loss before income tax	**(4,436)**	(11,649)
Depreciation of property, plant and equipment	**412**	1,179
(Gain)/loss on disposal of property, plant and equipment	**(47)**	271
Fair value gain on investment property	**(230)**	–
Loss on disposals and deregisteration of the subsidiaries	**1,038**	–
Interest income	**(201)**	(1,248)
Impairment loss on property, plant and equipment	**–**	165
Changes in working capital (excluding the effects of acquisitions and exchange differences on consolidation):		
– trade receivables	**(2,257)**	1,225
– prepayments, deposits and other receivables	**469**	704
– inventories	**(443)**	(553)
– trade payables	**598**	106
– amount due to a related company	**(3)**	–
– accrued charges, other payables, deposits received and deferred revenue	**(3,719)**	(4,627)
– restricted bank balances	**1,000**	(171)
Net cash used in operations	**(7,819)**	(14,598)

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2009 HK$'000	2008 HK$'000
Net book amount	**226**	475
Gain/(loss) on disposal of property, plant and equipment	**47**	(271)
Proceeds from disposal of property, plant and equipment	**273**	204

31. DISPOSALS AND DEREGISTRATION OF THE SUBSIDIARIES

The Group disposed and deregistered certain subsidiaries during the year. Details of net assets disposed of and loss on the disposals were as follows:

	2009 HK$'000
Net book value of net assets disposed of	
Cash and bank balances	(1)
Prepayments, deposits and other receivables	(12)
Accrued charges, other payables and deposit received	107
Reserve	(1,132)
Loss on disposals and deregistration of the subsidiaries	(1,038)
Satisfied by:	
Consideration settled in cash	–
Net cash outflows on disposals of the subsidiaries	(1)

32. OPERATING LEASE COMMITMENTS

At 30 June 2009, the Group had total future aggregate minimum lease payments under non-cancellable operating leases which expire as follows:

	2009 HK$'000	2008 HK$'000
No later than 1 year	423	383
Later than 1 year	23	–
	446	383

The Group did not have any operating lease receivable as at 30 June 2009 and 2008.

33. RELATED PARTY TRANSACTIONS

The Group is controlled by Moral Glory International Limited (incorporated in the British Virgin Islands), which owns 56.55% of the Company's shares. The remaining 43.45% 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) The year end balance with a related party is as follows:

	2009 **HK$'000**	2008 HK$'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 balances are unsecured, interest free and repayable on demand.

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

	2009 **HK$'000**	2008 HK$'000
Salaries and other employee benefits	**1,527**	1,406

Five-Year Financial Summary

The historical figures represent financial information of the Group for the period from 2005 to 2009.

CONSOLIDATED INCOME STATEMENT

	For the year ended 30 June				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Turnover					
Continuing operations	4,261	16,515	14,155	2,903	**25,148**
Discontinued operations	1,662,873	1,402,827	–	535	**19**
	1,667,134	1,419,342	14,155	3,438	**25,167**
(Loss)/profit attributable to shareholders	(10,399)	911,642	293,053	(11,649)	**(4,459)**
Basic (loss)/earnings per share	(HK$0.13)	HK$10.08	HK$3.03	(HK$0.12)	**(HK$0.05)**

CONSOLIDATED BALANCE SHEET

	As at 30 June				
	2005 HK$'000 (Restated)	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Non-current assets					
Property, plant and equipment	1,068,301	6,183	5,383	4,601	**681**
Investment properties	–	–		7,370	**13,850**
Investments in associated companies	–	2,142,737	–	–	**–**
Goodwill	65,964	–	–	3,592	**3,592**
Deferred taxation	167,472	–	–	–	**–**
Rental and other deposits	8,882	–	–	–	**–**
Total non-current assets	1,310,619	2,148,920	5,383	15,563	**18,123**
Net current (liabilities)/assets	(297,072)	124,833	50,303	28,513	**25,851**
Total assets less current liabilities	1,013,547	2,273,753	55,686	44,076	**43,974**
Representing:					
Share capital	300	16,154	97,692	97,892	**97,892**
Other reserves	(88,051)	(82,905)	12,901	12,740	**16,811**
Accumulated losses	(942,180)	(30,538)	(54,907)	(66,556)	**(71,015)**
(Total equity holders' deficit)/total equity	(1,029,931)	(97,289)	55,686	44,076	**43,688**
Non-current liabilities					
Loans from a fellow subsidiary	877,500	278,024	–	–	**–**
Promissory note issued to a fellow subsidiary	–	886,749	–	–	**–**
Convertible bond	28,250	28,261	–	–	**–**
Subscription note	1,131,199	1,178,008	–	–	**–**
Asset retirement obligations	6,529	–	–	–	**–**
Deferred income tax liabilites	–	–	–	–	**286**
	1,013,547	2,273,753	55,686	44,076	**43,974**

Schedule of Principal Properties

INVESTMENT PROPERTY

Location	Usage	Term of lease	Group Interest %
House No. 2B of Beijing Riviera 1 Xiang Jiang North Road Chaoyang District, Beijing, the PRC.	Residential	Medium term	100
Office Unit 1002 on 10th Floor Jinyun Building No. 43 Xizhimen North Avenue Jia Haidian District Beijing, the PRC.	Commercial	Medium term	100