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NEW WORLD MOBILE HOLDINGS LIMITED **新世界移動控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 862)

CONTINUING CONNECTED TRANSACTION

A Master Agreement was entered into between NWPCS and NWT on 19 May 2005 in relation to the provision of the Services by NWT to NWPCS.

NWT is a wholly-owned subsidiary of NWD, which is in turn the controlling shareholder holding approximately 71.81% interest in the issued share capital of the Company. Accordingly, NWT is regarded as an associate of NWD and the entering into of the Master Agreement constitutes a continuing connected transaction for the Company and is subject to announcement, reporting and annual review requirements, but is exempt from independent shareholders' approval requirements under the Listing Rules.

INTRODUCTION

Reference is made to the announcement of the Company dated 2 June 2004 ("Announcement") wherein the Company announced that New World PCS Limited ("NWPCS"), a wholly-owned subsidiary of the Company, had entered into various agreements with New World Telecommunications Limited ("NWT"), an indirect wholly-owned subsidiary of New World Development Company Limited ("NWD"), in relation to the provisions by NWT of interconnection, transmission, traffic routing and other related services such as wholesale international direct dial services, local and international transmission links services at various transmission speed, and porting and dipping service for mobile number portability (the "Services") to NWPCS for the period up to 30 June 2006.

On 19 May 2005, a Master Agreement for Telecommunications and Interconnection Services ("Master Agreement") was entered into between NWPCS and NWT for the provision of the Services for three years from 1 June 2005 to 31 May 2008.

MASTER AGREEMENT

Date : 19 May 2005

Parties : NWPCS and NWT

Term : Three years from 1 June 2005 to 31 May 2008.

NWPCS is not bound under the Master Agreement to place any order with NWT for any of the Services. Each order, if placed by NWPCS and accepted by NWT, will constitute a separate legal binding contract between the parties provided that the term of each order shall not exceed the term of the Master Agreement.

Price : The price for each order will be mutually agreed by NWPCS and NWT and will be determined in accordance with (i) the then comparable market rate; (ii) the then applicable rate of the Services used by NWPCS; (iii) the rate of the Services as published by NWT at Hong Kong Government Gazette; or (iv) the rate as determined by the Office of the Telecommunications Authority.

Fixed recurring charges will be invoiced by NWT to NWPCS monthly in advance. Charges measured on usage basis will be invoiced by NWT monthly in arrears.

Annual cap : The value of Services provided by NWT for the years ended 30 June 2003 and 2004 amounted to approximately HK\$99.1 million and HK\$78 million respectively. The expected maximum aggregate annual value (“Cap”) for the Services to be provided by NWT for each of the two years ending 30 June 2005 and 2006 under the previous agreements will not exceed HK\$71 million respectively, which had been disclosed in the Announcement.

It is expected that the Cap for the Services to be provided by NWT for each of the two years ending 30 June 2007 and 2008 under the Master Agreement will not exceed HK\$8,400,000 respectively, unless NWT offers very attractive pricing. The Company will re-comply with the relevant disclosure and approval requirements under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) if the Cap is exceeded. The Cap for the two years ending 30 June 2007 and 2008 is determined by reference to the amount of Services provided by NWT to NWPCS in preceding years and the reduction of prices for the Services as a result of market competition.

REASONS FOR THE TRANSACTION

The interconnection, transmission, traffic routing and other related services are necessary for connection of the mobile network of NWPCS with other telecommunications operators and for conveyance of telephone calls.

Since NWPCS obtained a Public Radiocommunications Services Licence in 1996, NWPCS has been using the Services offered by fixed telecommunications service operators (“FTNS Operators”).

In view of price erosion caused by market competition amongst the FTNS Operators, NWPCS may consider early termination of certain existing orders and placement of new order for the same or similar Services from other FTNS Operators in order to enjoy greater savings. As such, it is possible that NWPCS may place new orders for the Services with NWT as long as NWT offers competitive quotes amongst the FTNS Operators.

The directors of the Company (“Directors”) consider that the entering into of the Master Agreement will minimize the administrative procedures for the Company since, so long as the aggregate annual value for the Services does not exceed the Cap, the Company is not required to make separate disclosure for each order pursuant to the Listing Rules provided that the terms of each order is the same as the Master Agreement except for operational details. Subsequent orders will be aggregated and subject to the relevant disclosure and approval requirements pursuant to the Listing Rules as and when the Cap is exceeded.

The Directors (including the independent non-executive Directors) also consider that the transaction is on normal commercial terms and in the ordinary and usual course of business of the Company. They are also of the view that the terms of the Master Agreement and the amount of the Cap are fair and reasonable and in the interests of the Company and its shareholders as a whole.

CONTINUING CONNECTED TRANSACTION

NWT is a wholly-owned subsidiary of NWD, which is in turn the controlling shareholder holding approximately 71.81% interest in the issued share capital of the Company. Accordingly, NWT is regarded as an associate of NWD and the entering into of the Master Agreement constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable percentage ratios for the transaction under the Master Agreement is, on an annual basis, less than 25% and the Cap is less than HK\$10,000,000 for each of the two years ending 30 June 2007 and 2008, the entering into of the Master Agreement is subject to reporting and announcement requirements under Rules 14A.45 to 14A.47 and annual review requirements under Rules 14A.37 and 14A.38 of the Listing Rules, but is exempt from independent shareholders’ approval requirements.

INFORMATION ON THE GROUP

The Group principally engages in offering superior mobile services including voice service and customized data services tailored to the specific needs of individual customer groups via advanced mobile technology.

INFORMATION ON NWT

NWT principally engages in offering a wide spectrum of unparalleled integrated communications solutions, applications and content services, such as broadband, IP telephony, Virtual Private Network (VPN), International Private Leased Circuit (IPLC), system integration, wireless solutions, and local and international voice services.

By Order of the Board

Ho Pui Sin

Company Secretary

Hong Kong, 19 May 2005

As at the date of this announcement, the board of directors of the Company comprises (i) five executive directors namely Dr. Cheng Kar Shun, Henry, Mr. Chow Yu Chun, Alexander, Mr. Doo Wai Hoi, William, JP, Mr. To Hin Tsun, Gerald and Dr. Wai Fung Man, Norman; (ii) two non-executive directors namely Mr. Ho Hau Chong, Norman and Mr. Lo Lin Shing, Simon; and (iii) three independent non-executive directors namely Mr. Hui Chiu Chung, JP, Mr. Kwong Che Keung, Gordon and Mr. Wei Chi Kuan, Kenny.

Please also refer to the published version of this announcement in The Standard.