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**NEW WORLD MOBILE HOLDINGS LIMITED**

(Incorporated in the Cayman Islands with limited liability)  
(Stock Code: 862)



**NEW WORLD CYBERBASE LIMITED**

(Incorporated in Bermuda with limited liability)  
(Stock Code: 276)

**DISCLOSEABLE TRANSACTION  
INVOLVING ISSUE OF NEW SHARES**

**MAJOR AND CONNECTED  
TRANSACTION**

**JOINT ANNOUNCEMENT:  
PROPOSED SALE AND PURCHASE OF  
THE ENTIRE ISSUED SHARE CAPITAL OF, AND  
ASSIGNMENT OF THE RELATED SHAREHOLDER'S LOAN TO,  
NEW WORLD CYBERBASE SOLUTIONS (BVI) LIMITED**

**Financial adviser to New World Mobile Holdings Limited**



**THE S&P AGREEMENT**

On 12 September 2005, NWC and NWM conditionally entered into the S&P Agreement, pursuant to which NWC agreed to (i) dispose of the entire issued share capital of NWCS to NWM; and (ii) assign to NWM or its nominee(s) all of its interest in the Sale Loan for an aggregate consideration of HK\$21 million. The Consideration will be satisfied by the issue of 16,153,846 Consideration Shares at an issue price of HK\$1.30 per Consideration Share by NWM to NWC.

The NWCS Group is principally engaged in the Technology Business of the NWC Group which includes the provision of (i) mobile Internet services such as multimedia messaging services to the mobile Internet market in the PRC; and (ii) information technology outsourcing services such as software development, data management and call center services to the business market.

**GENERAL**

The Transaction constitutes a major transaction for NWC under Chapter 14 of the Listing Rules. As (i) Dr. Henry Cheng is a director of certain subsidiaries of NWC; and (ii) Cheng Family, through CTF, has a controlling interest in NWD which in turn is beneficially interested in approximately 72.41% of the issued share capital of NWM, NWM is deemed to be a connected person of NWC as defined under the Listing Rules. As such, the Transaction also constitutes a connected transaction for NWC under Chapter 14A of the Listing Rules and is subject to approval of the NWC Independent Shareholders at the SGM by poll. To the best knowledge and information of the NWC Board and having made all reasonable enquiries, none of the NWC Shareholders are required to abstain from voting at the SGM, save for Dr. Henry Cheng and his associates (if they have any interests in the NWC Shares at the date of the SGM).

The NWC Independent Board Committee will be established by NWC to provide recommendations to the NWC Independent Shareholders in connection with the Transaction. An independent financial adviser will be appointed to advise the NWC Independent Board Committee and the NWC Independent Shareholders as to the fairness and reasonableness of the terms of the S&P Agreement.

A circular containing, among other things, further details of the S&P Agreement, a letter of recommendations from the NWC Independent Board Committee to the NWC Independent Shareholders, a letter of advice from the independent financial adviser to the NWC Independent Board Committee and the NWC Independent Shareholders in relation to the fairness and reasonableness of the terms of the S&P Agreement and a notice of the SGM will be despatched to the NWC Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

The Transaction constitutes a discloseable transaction for NWM under Chapter 14 of the Listing Rules. The allotment and issue of the Consideration Shares are subject to the approval of the NWM Shareholders at the EGM. To the best knowledge and information of the NWM Board and having made all reasonable enquiries, none of the NWM Shareholders are required to abstain from voting at the EGM. A circular containing, among other things, further details of the S&P Agreement and a notice of the EGM will be despatched to the NWM Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

Application will be made by NWM to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

## **THE S&P AGREEMENT**

### **Date:**

12 September 2005

### **Parties:**

(1)NWC as vendor; and

(2)NWM as purchaser.

As (i) Dr. Henry Cheng is a director of certain subsidiaries of NWC; and (ii) Cheng Family, through CTF, has a controlling interest in NWD which in turn is beneficially interested in approximately 72.41% of the issued share capital of NWM, NWM is deemed to be a connected person of NWC as defined under the Listing Rules. As at the date of this announcement, CTF is beneficially interested in approximately 35.52% of the issued share capital of NWD.

To the best knowledge and information of the NWM Board and having made all reasonable enquiries, NWC is not connected with NWM, the connected persons of NWM and its subsidiaries or any of their respective associates.

### **Assets to be acquired by NWM and disposed of by NWC:**

Pursuant to the terms and conditions of the S&P Agreement, NWC agreed to (i) dispose of its interest in the entire issued share capital of NWCS to NWM; and (ii) assign to NWM or its nominee(s) all its interest in the Sale Loan.

### **Consideration:**

The Consideration is HK\$21 million and will be satisfied by the issue of 16,153,846 Consideration Shares at an issue price of HK\$1.30 per Consideration Share by NWM to NWC or its nominee(s). The issue price of HK\$1.30 per Consideration Share was arrived at after arm's length negotiations between NWC and NWM with reference to the recent trading prices of the NWM Shares.

The Consideration was arrived at after arm's length negotiations between NWC and NWM with reference to, among others, the net amount of not less than approximately HK\$16.2 million of (i) unaudited consolidated net deficit of the NWCS Group of approximately HK\$265.4 million as at 31 March 2005; and (ii) the balance of the Sale Loan of not less than HK\$281.6 million as at the Completion Date as stipulated in the S&P Agreement, and after taking into account the financial position and performance of the NWCS Group.

The Consideration Shares represent approximately 20.40% of the existing issued share capital of NWM and approximately 16.94% of the issued share capital of NWM as enlarged by the issue of the Consideration Shares. The issue price of HK\$1.30 per Consideration Share represents:

- (i) a discount of approximately 10.3% to the closing price of the NWM Shares of HK\$1.45 per NWM Share as quoted on the Stock Exchange as at 12 September 2005, being the date of this announcement;
- (ii) a discount of approximately 1.2% to the 10-day average closing price of the NWM Shares of approximately HK\$1.316 per NWM Share for the last 10 consecutive trading days up to and including 12 September 2005 as quoted on the Stock Exchange; and
- (iii) a premium of approximately 13.3% over the 30-day average closing price of the NWM Shares of approximately HK\$1.147 per NWM Share for the last 30 consecutive trading days up to and including 12 September 2005 as quoted on the Stock Exchange.

The value of the Consideration Shares calculated on the basis of the closing price of HK\$1.45 per NWM Share on 12 September 2005 amounts to approximately HK\$23.4 million. The Consideration Shares will be issued as fully paid NWM Shares and will rank pari passu in all respects with the NWM Shares in issue at the date of issue of the Consideration Shares. The allotment and issue of the Consideration Shares are subject to the approval of the NWM Shareholders at the EGM. To the best knowledge and information of the NWM Board and having made all reasonable enquiries, none of the NWM Shareholders are required to abstain from voting at the EGM. Application will be made by NWM to the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

**Conditions precedent:**

Completion is subject to the fulfillment of the following conditions precedent:

- (i) the passing of an ordinary resolution by the NWC Independent Shareholders at the SGM approving the entering into of the S&P Agreement and performance of the Transaction;
- (ii) the passing of an ordinary resolution by the NWM Shareholders at the EGM approving the allotment and issue of the Consideration Shares;
- (iii) the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, the Consideration Shares;
- (iv) NWM notifying NWC in writing that it is reasonably satisfied with the due diligence review of the NWCS Group;
- (v) all necessary consents and approvals (or waivers) having been obtained by NWC and NWM for Completion; and
- (vi) the warranties, representations, undertakings and indemnities of NWC given in favour of NWM as stipulated in the S&P Agreement remaining true and accurate in all material respects and not misleading in any material respect.

NWM may in its absolute discretion at any time waive the conditions precedent set out in (iv) and (vi) above by notice in writing to NWC.

Should any of the aforesaid conditions precedent (other than the conditions precedent set out in (ii), (iii) and (v) above in so far as obtaining consents and approvals (or waivers) by NWM is concerned) not be fulfilled (or waived by NWM in respect of the conditions precedent set out in (iv) and (vi) above) on or before 31 December 2005 (or such other date as NWC and NWM may agree in writing), NWM shall be entitled to rescind the S&P Agreement by giving written notice to NWC and the S&P Agreement shall have no further force and effect and NWC and NWM shall not have any liability thereunder (without prejudice to their respective rights in respect of any antecedent breaches).

If the conditions precedent set out in (ii), (iii) and (v) above (in so far as obtaining consents and approvals (or waivers) by NWM is concerned) has not been fulfilled on or before 31 December 2005, NWC shall be entitled to rescind the S&P Agreement by giving written notice to NWM and the S&P Agreement shall have no further force and effect and NWM and NWC shall not have any liability thereunder (without prejudice to their respective rights in respect of any antecedent breaches).

**Completion:**

Subject to the terms of the S&P Agreement and the fulfillment (or waivers) of the conditions precedent thereunder, Completion shall take place at or before 5:00 p.m. as at the Completion Date (or such other time and date as may be agreed in writing by NWC and NWM).

**INFORMATION ON THE NWC GROUP, THE NWCS GROUP AND THE NWM GROUP**

The NWC Group is principally engaged in the Technology Business in the PRC and the property investments in Hong Kong.

The NWCS Group is principally engaged in the Technology Business of the NWC Group which includes the provision of (i) mobile Internet services such as multimedia messaging services to the mobile Internet market in the PRC; and (ii) information technology outsourcing services such as software development, data management and call center services to the business market.

Based on the unaudited management accounts of the NWCS Group prepared in accordance with the generally accepted accounting principles in Hong Kong, the unaudited consolidated loss both before and after taxation attributable to the NWCS Group for the year ended 31 March 2004 were approximately HK\$16.0 million, whereas the unaudited consolidated loss both before and after taxation attributable to the NWCS Group for the year ended 31 March 2005 were approximately HK\$20.7 million. As at 31 March 2005, the unaudited consolidated net deficit of the NWCS Group and the outstanding balance of the Sale Loan amounted to approximately HK\$265.4 million and HK\$276.6 million respectively. As at the date of this announcement, the outstanding balance of the Sale Loan amounted to approximately HK\$277 million. Pursuant to the S&P Agreement, the balance of the Sale Loan should not be less than HK\$281.6 million as at the Completion Date. No audited accounts for the NWCS Group have been prepared as there is no statutory requirement for NWCS, a company incorporated in the British Virgin Islands, to prepare the audited accounts.

The NWM Group is principally engaged in offering superior mobile services including voice service and customised data services tailored to the specific needs of individual customers group via advanced mobile technology.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE S&P AGREEMENT BY NWC**

During the two years ended 31 March 2005, the NWC Group has continuously made investments, in terms of resources and management time, for the development of the Technology Business in the PRC. In addition, the Technology Business, including mobile Internet services and information technology outsourcing services, recorded losses for the two years ended 31 March 2005. The NWC Board considers that the entering into of the S&P Agreement provides NWC an opportunity to realise its investments in the Technology Business given the expected gain to be recorded by the NWC Group as a result of the Transaction. In addition, the NWC Group is not required to provide additional resources for the ongoing development of the NWCS Group after Completion, which, if necessary, can be used for the property investments business or other businesses (if any) of the NWC Group. After Completion, the NWC Group will continue its property investments business and may invest in other businesses with good prospects should opportunities arise, which may or may not include information technology related business. The NWC Group currently does not have any definite plan to invest in other businesses or any investment targets. The principal business of the NWC Group will be property investments immediately following Completion. According to the annual report of NWC for the year ended 31 March 2005, (i) the turnover of the property investments business amounted to approximately HK\$19.1 million, representing approximately 50.1% of the total turnover of approximately HK\$38.1 million of the NWC Group; (ii) the segment result of the property investments business amounted to approximately HK\$43.5 million, representing approximately 161.1% of the total segment result of approximately HK\$27.0 million of the NWC Group; and (iii) the segment total assets attributable to the property investments business amounted to approximately HK\$399.7 million, accounted for approximately 83.65% of the total assets of approximately HK\$477.8 million of the NWC Group as at 31 March 2005. The NWC Group is currently optimistic about its property investments business in Hong Kong given the positive market sentiment brought about by both local and global economic recovery.

As a result of the Transaction, based on (i) the Consideration of HK\$21 million; and (ii) the net amount of not less than approximately HK\$16.2 million of the unaudited consolidated net deficit of the NWCS Group as at 31 March 2005 and the balance of the Sale Loan as at the Completion Date, the NWC Group is expected to record an unaudited gain on disposal of not less than approximately HK\$4.8 million. Such gain, however, is subject to the final net amount of the unaudited consolidated net deficit of the NWCS Group and the balance of the Sale Loan as at the Completion Date.

In view of the above and having considered the terms of the S&P Agreement, the NWC Board is of the view that the terms of the S&P Agreement are fair and reasonable and the entering into of the S&P Agreement is in the interests of the NWC Group and the NWC Independent Shareholders as a whole.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE S&P AGREEMENT BY NWM**

Notwithstanding the improving economic situation in Hong Kong, the aggressive pricing strategy of 3G services and handsets has further intensified the fierce market competition. In view of that, the NWM Board believes that reliable and innovative data solutions and services in the mobile communications services will bring immense potential to its subscribers.

In addition to co-operation with external providers, the NWM Board considers that it is beneficial to the NWM Group to enhance its capability to develop value-added mobile products and services. Accordingly, the NWM Board considers the Transaction will enable the NWM Group to obtain a portfolio of innovative mobile products and services as well as the required technology and know-how for the ongoing development of such products and services, which will enhance the NWM Group's competitiveness in the mobile communication industry.

On the other hand, the NWM Board considers that there is a growing demand for mobile Internet services in the PRC. Accordingly, the NWM Board considers that the Transaction will also enable the NWM Group to participate in the mobile Internet service market in the PRC.



In view of the above and having considered the terms of the S&P Agreement, the NWM Board is of the view that the terms of the S&P Agreement are in the interests of the NWM Group and the NWM Shareholders as a whole.

## EFFECTS OF THE TRANSACTION ON THE SHAREHOLDING STRUCTURE OF NWM

The following table sets out the effect of the Transaction on the simplified shareholding structure of NWM:

	<b>Existing shareholding structure</b>		<b>Immediately after Completion (assuming no conversion of the Convertible Bond and the Subscription Note)</b>		<b>Immediately after Completion (assuming full conversion of the Convertible Bond and the Subscription Note)</b>	
	<i>Number of NWM Shares</i>	<i>%</i>	<i>Number of NWM Shares</i>	<i>%</i>	<i>Number of NWM Shares</i>	<i>%</i>
NWD	57,336,666	72.41	57,336,666	60.14	1,080,521,911	96.60
NWC	–	–	16,153,846	16.94	16,153,846	1.44
Public	21,845,557	27.59	21,845,557	22.92	21,845,557	1.96
<b>Total</b>	<b><u>79,182,223</u></b>	<b><u>100.00</u></b>	<b><u>95,336,069</u></b>	<b><u>100.00</u></b>	<b><u>1,118,521,314</u></b>	<b><u>100.00</u></b>

Following Completion, the number of the NWM Shares held by the public (as defined in the Listing Rules) will fall below 25% of the issued share capital of NWM, the minimum public float as required under Rule 8.08 of the Listing Rules. However, it is the intention of NWM to continue to maintain its listing status after Completion. Accordingly, NWM will take necessary steps to ensure that the public float of the NWM Shares will not be less than 25% upon Completion. The Stock Exchange has stated that the listing approval of the Consideration Shares will not be granted unless the public float of the NWM Shares will not be less than 25% upon Completion. Further announcement will be made, if required, in relation to any action taken in respect of the public float of the NWM Shares to ensure compliance of the Listing Rules. In addition, each of PPG and NWCBN will ensure that it will not exercise the conversion rights under the Convertible Bond and Subscription Note to the extent that such conversion would result in insufficient NWM Shares in public hands as required under Rule 8.08 of the Listing Rules.

**If the Stock Exchange believes that (i) a false market exists or may exist in the trading of the NWM Shares; or (ii) there are insufficient NWM Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the NWM Shares on the Stock Exchange until a level of sufficient public float of the NWM Shares is attained.**

## GENERAL

The Transaction constitutes a major transaction for NWC under Chapter 14 of the Listing Rules. As NWM is deemed to be a connected person of NWC as defined under the Listing Rules, the Transaction also constitutes a connected transaction for NWC under Chapter 14A of the Listing Rules and is subject to approval of the NWC Independent Shareholders at the SGM by poll. To the best knowledge and information of the NWC Board and having made all reasonable enquiries, none of the NWC Shareholders are required to abstain from voting at the SGM, save for Dr. Henry Cheng and his associates (if they have any interests in the NWC Shares at the date of the SGM).

The NWC Independent Board Committee will be established by NWC to provide recommendations to the NWC Independent Shareholders in connection with the Transaction. An independent financial adviser will be appointed to advise the NWC Independent Board Committee and the NWC Independent Shareholders as to the fairness and reasonableness of the terms of the S&P Agreement.

A circular containing, among other things, further details of the S&P Agreement, a letter of recommendations from the NWC Independent Board Committee to the NWC Independent Shareholders, a letter of advice from the independent financial adviser to the NWC Independent Board Committee and the NWC Independent Shareholders in relation to the fairness and reasonableness of the terms of the S&P Agreement and a notice of the SGM will be despatched to the NWC Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

The Transaction constitutes a discloseable transaction for NWM under Chapter 14 of the Listing Rules. The allotment and issue of the Consideration Shares are subject to the approval of the NWM Shareholders at the EGM. To the best knowledge and information of the NWM Board and having made all reasonable enquiries, none of the NWM Shareholders are required to abstain from voting at the EGM. A circular containing, among other things, further details of the S&P Agreement and the notice of the EGM will be despatched to the NWM Shareholders as soon as practicable in accordance with the requirements of the Listing Rules.

## **DEFINITIONS**

In this announcement, the following expressions have the respective meanings set out below unless the context requires otherwise:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Cheng Family”	Dr. Henry Cheng and members of his family
“Completion”	completion of the Transaction in accordance with the terms and conditions of the S&P Agreement
“Completion Date”	the third business day after fulfillment of the conditions precedent to the S&P Agreement or such other date as NWC and NWM may agree in writing on which Completion shall take place
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration of HK\$21 million to be paid by NWM by way of issue of the Consideration Shares in accordance with the terms and conditions contained in the S&P Agreement
“Consideration Shares”	16,153,846 new NWM Shares to be allotted and issued by NWM to NWC or its nominee(s) in satisfaction of the Consideration
“Convertible Bond”	a convertible bond of outstanding principal amount of HK\$28,286,000 issued by NWM on 2 November 2001 to NWCBN, which is convertible at a conversion price of HK\$1.22 per NWM Share (subject to adjustment) during the period from 2 November 2002 to the maturity date of the Convertible Bond, being the business day immediately preceding 2 November 2007
“CTF”	Chow Tai Fook Enterprises Limited
“Dr. Henry Cheng”	Dr. Cheng Kar Shun, Henry, a director of certain subsidiaries of NWC
“EGM”	an extraordinary general meeting of NWM to be convened to consider and, if thought fit, to approve the allotment and issue of the Consideration Shares

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NWC”	New World CyberBase Limited, a company incorporated in Bermuda with limited liability, the issued shares of which (stock code: 276) are listed on the Stock Exchange
“NWCBN”	New World CyberBase Nominee Limited, an indirect wholly-owned subsidiary of NWD
“NWC Board”	the board of directors of NWC
“NWC Group”	NWC and its subsidiaries
“NWC Share(s)”	share(s) of HK\$0.02 each in the issued share capital of NWC
“NWC Shareholder(s)”	the holder(s) of the NWC Shares
“NWC Independent Board Committee”	an independent committee of the NWC Board to be established for the purpose of advising the NWC Independent Shareholders in connection with the S&P Agreement and the Transaction
“NWC Independent Shareholder(s)”	the NWC Shareholder(s) other than those who are required to abstain from voting at the SGM under the Listing Rules
“NWCS”	New World CyberBase Solutions (BVI) Limited, a limited liability company incorporated in the British Virgin Islands and a wholly-owned subsidiary of NWC
“NWCS Group”	NWCS and its subsidiaries
“NWD”	New World Development Company Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which (stock code: 17) are listed on the Stock Exchange
“NWM”	New World Mobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which (stock code: 862) are listed on the Stock Exchange
“NWM Board”	the board of directors of NWM
“NWM Group”	NWM and its subsidiaries
“NWM Share(s)”	share(s) of HK\$1.00 each in the issued share capital of NWM
“NWM Shareholder(s)”	the holder(s) of the NWM Shares
“PPG”	Power Palace Group Limited, a wholly-owned subsidiary of NWD
“PRC”	the People’s Republic of China excluding, solely for the purposes of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan



“S&P Agreement”	the sale and purchase Agreement dated 12 September 2005 entered into between NWC and NWM in relation to the disposal of the entire issued share capital of NWCS and the assignment of the Sale Loan by NWC to NWM or its nominee
“Sale Loan”	the interest-free shareholder’s loan owing from NWCS to NWC and its subsidiaries (if any) which shall not be less than HK\$281.6 million as at the Completion Date
“SGM”	a special general meeting of NWC to be convened to consider and, if thought fit, to approve the S&P Agreement and the transactions contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Note”	a convertible note in the outstanding principal amount of HK\$1,200 million issued by NWM on 6 July 2004 to PPG, which is convertible at a conversion price of HK\$1.20 per NWM Share (subject to adjustment) during the period from 6 July 2004 to the maturity date of the Subscription Note, being the business day prior to 6 July 2007
“Technology Business”	the technology related businesses of the NWCS Group including mobile Internet services and information technology outsourcing services
“Transaction”	the disposal of the entire issued share capital of NWCS and the assignment of the Sale Loan by NWC to NWM on and subject to the terms and conditions of the S&P Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board  
**New World Mobile Holdings Limited**  
**Dr. Wai Fung Man, Norman**

*Executive Director and Chief Executive Officer*

By Order of the Board  
**New World CyberBase Limited**  
**Yvette Ong**

*Managing Director and Chief Executive Officer*

Hong Kong, 12 September 2005

*As at the date of this announcement, the NWM Board comprises (i) five executive directors namely Dr. Cheng Kar Shun, Henry, Mr. Doo Wai Hoi, William, JP, Mr. Chow Yu Chun, Alexander, 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.*

*As at the date of this announcement, the NWC Board comprises (i) two executive directors namely Mr. Lo Lin Shing, Simon and Ms. Yvette Ong; (ii) one non-executive director namely Mr. To Hin Tsun, Gerald; and (iii) three independent non-executive directors namely Mr. Peter Pun, Mr. Wei Chi Kuan, Kenny and Mr. Lau Wai Piu.*

Please also refer to the published version of this announcement in China Daily.