FIRST MOBILE GROUP HOLDINGS LIMITED
(第 一 電 訊 集 團 有 限 公 司)*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 865)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER, 2008

HIGHLIGHTS

For the year ended 31st December, 2008, First Mobile Group Holdings Limited and its subsidiaries performed satisfactorily. Highlights of the year's performance are as follows:

- The Group achieved a revenue of HK$7,395 million
- Sold 5.1 million units of mobile phones
- Gross profit was HK$354 million
- Profit attributable to equity holders of the Company was HK$41 million
- Basic earnings per share was HK2.11 cents

* *For identification purpose only*

RESULTS

The Directors of First Mobile Group Holdings Limited (the "Company") announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December, 2008 together with the comparative figures for the year ended 31st December, 2007:

Consolidated Profit and Loss Account
For the year ended 31st December, 2008

	Note	**2008** **HK$'000**	2007 HK$'000
Revenues	2	**7,395,139**	8,132,158
Cost of sales	3	**(7,040,742)**	(7,751,796)
Gross profit		**354,397**	380,362
Selling and distribution expenses		**(60,352)**	(67,625)
General and administrative expenses		**(148,718)**	(191,549)
Other income	2	**4,388**	18,678
Other expenses		**(23,767)**	(3,586)
Operating profit	4	**125,948**	136,280
Finance income	5	**11,573**	18,831
Finance costs	5	**(67,787)**	(68,007)
Share of loss of an associated company		**(75)**	—
Profit before taxation		**69,659**	87,104
Taxation	6	**(28,620)**	(23,573)
Profit for the year		**41,039**	63,531
Attributable to:			
Equity holders of the Company		**40,953**	63,543
Minority interests		**86**	(12)
		41,039	63,531
Basic and diluted earnings per share	7	**HK2.11 cents**	HK3.27 cents
Dividend	8	**—**	19,456

Consolidated Balance Sheet
As at 31st December, 2008

	Note	2008 HK$'000	2007 HK$'000
Non-current assets			
Investment in an associated company		**2,331**	—
Investment property		**8,650**	9,221
Leasehold land		**23,009**	23,607
Fixed assets		**47,702**	49,439
Deferred tax assets		**14,254**	20,796
		95,946	103,063
Current assets			
Inventories		**551,687**	494,770
Financial assets at fair value through profit or loss		**614**	673
Trade receivables	*9*	**1,637,999**	1,500,445
Other receivables and prepayments		**106,797**	160,267
Tax recoverable		**17,377**	17,484
Derivative financial instruments		**1,425**	95
Bank balances and cash			
— pledged		**409,427**	455,495
— not pledged		**97,983**	124,279
		2,823,309	2,753,508
Current liabilities			
Trade payables	*10*	**810,725**	1,039,184
Bills payables		**303,805**	255,764
Other payables and accrued charges		**96,028**	122,551
Current portion of long-term liabilities		**4,157**	20,411
Taxation payable		**6,696**	13,519
Bank loans and overdrafts			
— secured		**707,634**	438,068
— unsecured		**5,693**	10,648
		1,934,738	1,900,145
Net current assets		**888,571**	853,363
Total assets less current liabilities		**984,517**	956,426

	Note	2008 HK$'000	2007 HK$'000
Capital and reserves attributable to the Company's equity holders			
Share capital		**194,570**	194,570
Reserves	*11*	**778,525**	752,779
		973,095	947,349
Minority interests		**171**	—
Total equity		**973,266**	947,349
Non-current liabilities			
Long-term liabilities		**7,365**	7,115
Deferred tax liabilities		**3,886**	1,962
		984,517	956,426

NOTES:

1. Significant Accounting Policies

The significant accounting policies applied in the preparation of these accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated accounts have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated accounts have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and derivative financial instruments.

New/revised standards, amendments and interpretations

(a) Amendments and interpretations effective in 2008

HKAS 39 (Amendment), Financial Instruments: Recognition and Measurement and HKFRS 7 (Amendment), Financial Instruments: Disclosures (effective from 1st July, 2008)

HKAS 39 Amendment permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. HKFRS 7 Amendments introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. These amendments do not have any impact to the Group, as the Group has not reclassified any financial assets.

HK(IFRIC)-Int 11 – HKFRS 2, Group and Treasury Share Transactions (effective from 1st March, 2007)

This interpretation provides guidance on whether share-based transactions involving treasury shares or involving Group entities should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation does not have any financial impact on the Group's financial results.

(b) New/revised standards, amendments and interpretations that are not yet effective for the year ended 31st December, 2008

The Hong Kong Institute of Certified Public Accountants has issued the following new or revised HKFRSs, amendments, interpretations or improvements to existing standards which are not yet effective for the year ended 31st December, 2008, relevant to the Group's operations but have not been early adopted by the Group:

New or revised standards, amendments and interpretations		**Effective for accounting periods beginning on or after**
HKAS 1 (Revised)	Presentation of Financial Statements	1st January, 2009
HKAS 23 (Revised)	Borrowing Costs	1st January, 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July, 2009
HKFRS 1 and HKAS 27 Amendments	Cost of an Investment in a Subsidiary, Jointly Controlled Entity and Associate	1st January, 2009
HKFRS 2 Amendment	Share-based Payment Vesting Condition and Cancellations	1st January, 2009
HKFRS 3 (Revised)	Business Combinations	1st July, 2009
HKFRS 8	Operating Segments	1st January, 2009
HKFRSs (Amendment)	Improvements to HKFRSs	1st January, 2009

The Group will apply the above standards, amendments and interpretations from 1st January, 2009 or later period. The Group has already commenced an assessment of the related impact to the Group. The Group is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will result therefrom.

2. Revenues, Income and Segment Information

The Group is principally engaged in the trading, distribution and retail sales of mobile phones and accessories.

Turnover represents invoiced value of sales of mobile phones and accessories to customers, net of returns, discounts allowed, value-added tax or sales tax where applicable. Revenues and other income recognised during the year are as follows:

	2008	2007
	HK$'000	*HK$'000*
Revenues		
Turnover from sales of mobile phones and accessories, net	**7,388,879**	8,128,628
Rental income		
— investment property	**1,473**	736
— others	**2,769**	2,601
Repair service income	**2,018**	193
Total	**7,395,139**	8,132,158
Other income		
Unrealised gain on derivative financial instruments	**1,330**	—
Compensation from insurance claim	**754**	585
Exchange gains, net	**—**	17,033
Gain on disposal of fixed assets	**598**	688
Gain on financial assets at fair value through profit or loss	**—**	99
Others	**1,706**	273
Total	**4,388**	18,678

Primary reporting format — business segments

The Group's segment revenues, expenses, results, assets and liabilities are primarily attributable to trading and distribution of mobile phones and accessories and retail sales of mobile phones and accessories.

Other operations of the Group include the provision of repair services for mobile phones and holding of properties, all of which are of insufficient size to be reported separately.

The analysis of the Group's segment information for the year ended 31st December, 2008 by business segment is as follows:

	Trading and distribution of mobile phones and accessories		**Retail sales of mobile phones and accessories**		**Consolidated**	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover before inter-segment sales	**7,213,831**	7,845,083	**316,849**	398,613	**7,530,680**	8,243,696
Inter-segment sales	**(103,200)**	(78,052)	**(38,601)**	(37,016)	**(141,801)**	(115,068)
Turnover	**7,110,631**	7,767,031	**278,248**	361,597	**7,388,879**	8,128,628
Unallocated revenues					**6,260**	3,530
Revenues					**7,395,139**	8,132,158
Segment results	**157,327**	195,981	**(12,506)**	(35,925)	**144,821**	160,056
Unallocated income and expenses, net					**(18,873)**	(23,776)
Operating profit					**125,948**	136,280
Finance income					**11,573**	18,831
Finance costs					**(67,787)**	(68,007)
Share of loss of an associated company					**(75)**	—
Profit before taxation					**69,659**	87,104
Taxation					**(28,620)**	(23,573)
Profit for the year					**41,039**	63,531

	Trading and distribution of mobile phones and accessories		Retail sales of mobile phones and accessories		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment assets	**2,737,096**	2,599,026	**147,286**	194,190	**2,884,382**	2,793,216
Unallocated assets					**34,873**	63,355
Total assets					**2,919,255**	2,856,571
Segment liabilities	**(1,163,395)**	(1,355,460)	**(41,930)**	(56,155)	**(1,205,325)**	(1,411,615)
Unallocated liabilities					**(740,664)**	(497,607)
Total liabilities					**(1,945,989)**	(1,909,222)
Capital expenditure	**6,384**	14,345	**1,748**	5,840	**8,132**	20,185
Depreciation and amortisation	**6,627**	7,513	**2,021**	2,395	**8,648**	9,908
Unallocated depreciation and amortisation					**189**	182
Total depreciation and amortisation					**8,837**	10,090
Impairment/(reversal of impairment) of trade receivables	**8,527**	15,932	**1,427**	(1,564)	**9,954**	14,368
Impairment of inventories	**3,329**	—	**13**	5,691	**3,342**	5,691

Secondary reporting format – geographical segments

Although the Group's business segments are managed on a worldwide basis, they operate in three main geographical areas:

Hong Kong	– trading and distribution of mobile phones and accessories. – retailing of mobile phones and accessories.
Malaysia	– trading and distribution of mobile phones and accessories. – retailing of mobile phones and accessories.
The Philippines	– trading and distribution of mobile phones and accessories.

2008	**Revenues** *HK$'000*	**Total assets** *HK$'000*	**Capital expenditure** *HK$'000*
Hong Kong	**6,256,688**	**2,300,872**	**4,621**
Malaysia	**488,047**	**450,329**	**1,529**
The Philippines	**119,911**	**43,362**	**1,193**
Other countries	**530,493**	**89,819**	**789**
	7,395,139	**2,884,382**	**8,132**
Unallocated assets		**34,873**	
Total assets/capital expenditure		**2,919,255**	**8,132**

2007	Revenues *HK$'000*	Total assets *HK$'000*	Capital expenditure *HK$'000*
Hong Kong	6,548,507	2,189,497	9,842
Malaysia	667,230	526,570	8,641
The Philippines	46,596	39,669	1,163
Other countries	869,825	37,480	539
	8,132,158	2,793,216	20,185
Unallocated assets		63,355	
Total assets/capital expenditure		2,856,571	20,185

3. Cost of Sales

	2008	2007
	HK$'000	*HK$'000*
Cost of sales comprises:		
Cost of inventories sold	**6,989,187**	7,699,619
Other direct costs	**48,213**	46,486
Impairment of inventories	**3,342**	5,691
	7,040,742	7,751,796

4. Operating Profit

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

	2008	2007
	HK$'000	*HK$'000*
Amortisation of intangible assets#	**—**	1,424
Amortisation of leasehold land	**598**	579
Auditors' remuneration		
— provision for the year	**3,195**	3,373
— under provision in prior years	**61**	320
Depreciation		
— owned fixed assets	**6,193**	6,925
— leased fixed assets	**1,857**	980
— investment property	**189**	182
Direct operating expenses arising from investment property that generates rental income	**249**	242
Exchange losses, net#	**9,845**	—
Loss/(gain) on financial assets at fair value through profit or loss#	**59**	(99)
(Gain)/loss on derivative financial instruments#		
— unrealised	**(1,330)**	373
— realised	**13,749**	—
Loss on disposal of subsidiaries#	**—**	215
Operating leases		
— land and buildings	**20,857**	22,827
— office equipment	**453**	306
Pre-operating costs	**82**	—
Impairment of trade receivables	**9,954**	14,368
Staff costs (including Director's remuneration and retirement benefit costs)	**102,257**	107,798
Write back of other payables and accruals	**(12,000)**	—

These are included in other income/expenses

5. Finance Income/Costs

	2008	2007
	HK$'000	*HK$'000*
Bank interest income	**11,573**	18,831
Interest expenses on:		
— bank loans, overdrafts and finance leases wholly repayable within five years	**46,005**	52,514
— bank loan not wholly repayable within five years	**—**	258
Bank and other charges	**21,782**	15,235
	67,787	68,007

6. Taxation

	2008	2007
	HK$'000	*HK$'000*
Hong Kong profits tax *(note (i))*	**15,907**	24,127
Overseas taxation *(note (ii))*	**2,631**	13,166
Under/(over) provision of taxation in prior years	**1,414**	(6,955)
Deferred taxation	**8,668**	(6,765)
	28,620	23,573

Notes:

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

(ii) Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the countries in which the Group operates.

7. Earnings Per Share

The calculation of the basic and diluted earnings per share is based on the following data:

	2008	2007
Profit for the year attributable to equity holders of the Company for the purpose of calculating basic and diluted earnings per share	**HK$40,953,000**	HK$ 63,543,000
	Number of shares	Number of shares
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings per share	**1,945,696,565**	1,945,696,565

The Company's share options do not have a dilutive effect on earnings per share as at 31st December, 2008 and 2007.

8. Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31st December, 2008 (2007: interim dividend HK$9,728,000; final dividend HK$9,728,000).

9. Trade Receivables

The normal credit period granted to the customers of the Group is up to 90 days, except for sales made to certain credit worthy customers to which a longer credit period may be granted on a case by case basis. At 31st December, 2008, the ageing analysis of the trade receivables was as follows:

	2008	2007
	HK$'000	*HK$'000*
1-30 days	**323,634**	328,024
31-60 days	**386,735**	412,914
61-90 days	**438,962**	353,674
91-120 days	**501,313**	360,596
Over 120 days	**58,372**	109,880
Less: provision for impairment	**(71,017)**	(64,643)
	1,637,999	1,500,445

10. Trade Payables

At 31st December, 2008, the ageing analysis of the trade payables was as follows:

	2008	2007
	HK$'000	*HK$'000*
1-30 days	**293,367**	539,400
31-60 days	**380,834**	335,991
61-90 days	**126,579**	93,313
91-120 days	**1,285**	38,174
Over 120 days	**8,660**	32,306
	810,725	1,039,184

11. Reserves

Movements in the reserves during the year are set out below:

	Share premium HK$'000	Merger reserve HK$'000	Reserve fund HK$'000	Exchange reserve HK$'000	Share option reserve HK$'000	Retained earnings HK$'000	Total HK$'000
Balance at 1st January, 2008	**127,258**	**3,982**	**—**	**34,376**	**9,644**	**577,519**	**752,779**
Exchange differences	**—**	**—**	**—**	**(8,372)**	**—**	**—**	**(8,372)**
Profit attributable to equity holders of the Company	**—**	**—**	**—**	**—**	**—**	**40,953**	**40,953**
Share-based payments	**—**	**—**	**—**	**—**	**2,893**	**—**	**2,893**
2007 final dividend paid	**—**	**—**	**—**	**—**	**—**	**(9,728)**	**(9,728)**
Balance at 31st December, 2008	**127,258**	**3,982**	**—**	**26,004**	**12,537**	**608,744**	**778,525**
Retained by:							
Company and subsidiaries	**127,258**	**3,982**	**—**	**26,004**	**12,537**	**608,744**	**778,525**
Balance at 1st January, 2007	127,258	3,989	4,872	20,553	—	523,704	680,376
Exchange differences	—	—	—	18,072	—	—	18,072
Profits attributable to equity holders of the Company	—	—	—	—	—	63,543	63,543
Share-based payments	—	—	—	—	9,644	—	9,644
Release of reserve upon disposal of subsidiaries	—	(7)	(4,872)	(4,249)	—	—	(9,128)
2007 interim dividend paid	—	—	—	—	—	(9,728)	(9,728)
Balance at 31st December, 2007	127,258	3,982	—	34,376	9,644	577,519	752,779
Retained by:							
Company and subsidiaries	127,258	3,982	—	34,376	9,644	577,519	752,779

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Hong Kong

The Group's Hong Kong retail business is operated under the brand "Mobile City". With effective marketing strategy throughout 2008, Mobile City has raised the brand's profile among consumers. The marketing strategy includes implementation of a series of tailor-made marketing campaigns in collaboration with globally renowned brands, and joint promotion with Hong Kong's reputable banks in the year-round programs to gain regular brand exposure.

During the year, Mobile City opened three new outlets in Tai Po, Kwun Tong and Tung Chung to expand its geographical coverage. At the end of the year, the Group operated seven outlets spread over the main residential districts and shopping areas of Kowloon and the New Territories.

Malaysia

The number of mobile phone subscribers in Malaysia rose to 27 million with a penetration rate of 96.8% at the end of 2008, increasing by 11.7% compared to the end of 2007 (source: The Malaysian Communications and Multimedia Commission, March 2009). Over the next five years, it is anticipated that the compound annual growth rate for mobile subscribers in Malaysia will grow by 4% from 2008 to 2012 (source: IDC, Feb 2009).

The Group's Malaysian subsidiary is the exclusive distributor of Samsung mobile phones in the country. With the market share of 22% at the end of 2008, Samsung maintained its second position in terms of market share.

During the year under review, the Malaysian subsidiary enriched its product portfolio by acquiring the distribution rights of 19 new Samsung models, namely SGH-B110, F480, G400, G810, i450, i550, i8510, i900, L170, L700, M620, M3510, M8800, P520, S3600, S7330, U800, U900 and Z810.

The Philippines

The mobile phone penetration rate in the Philippines rose to 75% at the end of 2008, an increase of 22% compared to that of 2007 (source: ICT Statistics, March 2009).

The Group's subsidiary in the Philippines is the distributor of Samsung mobile handsets in the country. Samsung was the second most popular mobile phone brand in the country, with a market share of 23% at the end of 2008.

In 2008, the Philippines' subsidiary acquired the distribution rights of 33 new Samsung models including SGH-B100, B110, B130, B200, B220, B300, B310, B520, D780, E251, F250, F400, F480, G400, G810, i450, i550w, i780, i8510, i900, J700, J800, L170, L700, L770, M110, M120, M150, M620, P520, S7330, U800 and U900.

Financial Review

Overview

The Group recorded a turnover of HK$7,389 million in the financial year ended 31st December, 2008, representing a decrease of 9% over the previous year. Total sales volume was 5.1 million units, down from 5.8 million units the year before. The decrease in turnover and sales volume is mainly due to the downturn in the global economy and the generally weak market sentiment.

Gross profit margin remained stable at a satisfactory 4.8% (2007: 4.7%).

Selling and distribution expenses decreased 11% from HK$67.6 million in 2007 to HK$60.4 million for the year, in line with the decrease in turnover.

General and administrative expenses reduced by HK$42.8 million, or 22% mainly due to various cost-cutting measures put in place by the Group during the year to cushion the impact of the ongoing global financial crisis and the decrease in share-based payments charged against earnings in relation to share options issued to the Company's employees during 2007 in compliance with HKFRS 2.

During the year, the foreign exchange rates of currencies in which the Group dealt with fluctuated significantly. This had led to exchange losses and loss on derivative financial instruments of HK$23.6 million for the year, comprising realised losses of HK$18.4 million and unrealised losses of HK$5.2 million. These losses have been classified under other expenses.

Finance income decreased by HK$7.3 million compared to the previous year due to lower interest rates offered on the Group's cash deposits.

There were no material changes in the finance cost for the year.

Basic earnings per share for the year ended 31st December, 2008 was HK2.11 cents (2007: HK3.27 cents).

Inventory level rose to HK$552 million (2007: HK$495 million) while average inventory turnover days increased slightly from 26 days to 30 days year-on-year. These are well within manageable levels.

Trade receivable increased by HK$138 million to HK$1,638 million as at 31st December, 2008 while average trade receivable turnover days was 84 days (2007: 70 days). The temporary slowdown in collection is symptomatic of the ongoing global economic crisis, but are within manageable levels.

Other receivables and prepayments decreased by HK$53 million or 33% year on year mainly due to the subsequent receipt of cash in transit and proceeds from assets disposed in 2008.

Other payables and accrued charges reduced by HK$27 million or 22% mainly due to the decrease in various expense accruals and write back of provisions no longer required.

Liquidity and Financial Resources

As at 31st December, 2008, bank balances and cash of the Group were approximately HK$507 million (2007: HK$580 million), of which approximately HK$409 million (2007: HK$455 million) were pledged for general banking facilities. Total borrowings (excluding bills payables) of the Group amounted to approximately HK$725 million (2007: HK$476 million), comprising long-term bank loans of approximately HK$6 million (2007: HK$23 million), obligations under finance lease of approximately HK$6 million (2007: HK$5 million), and short-term bank loans and overdrafts of approximately HK$713 million (2007: HK$449 million). The gearing ratio (total borrowings/total assets) of the Group as at 31st December, 2008 was 25% (2007: 17%).

Investment property, freehold property and certain leasehold land and buildings of the Group with carrying values of approximately HK$56 million (2007: HK$54 million) are pledged as security for the Group's general banking facilities.

Capital Structure

There was no change in the Company's share capital during the year.

Treasury Policies

The Group's business transactions, assets and liabilities are mainly denominated in either Hong Kong Dollar, United States Dollar, Euro or Malaysian Ringgit. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group.

As at 31st December, 2008, the Group had approximately HK$38 million (2007: HK$10 million) of outstanding forward exchange contracts and six outstanding target accrual redemption forward contracts to manage the foreign exchange risk. The Group does not engage in foreign currency speculative activities.

Capital Commitments

The Group did not have any significant capital commitments as at 31st December, 2008 and 2007.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31st December, 2008 and 2007.

Employees

As at 31st December, 2008, the Group had 726 (2007: 681) employees. The total employee remuneration, including that of Directors, for the year ended 31st December, 2008 amounted to approximately HK$102 million (2007: HK$108 million). The Group remunerates its employees based on their performance, experience and the prevailing industry practice. In addition, the Group has a share option scheme for Directors and employees.

Strategies for 2009

The Group will remain focused on its core business of mobile phone trading and distribution. We will continue to build upon our strengths and competencies as we steer through these trying times.

Since the second quarter of 2008, we began distributing mobile phones under our own brand éTouch. As the major brands shift away from the low-end phone segment, this has created a large vacuum in the low-end market. This move has allowed Chinese-made products to fill the void. We recognised this huge potential and moved quickly to establish our foothold in this market.

Today, China is the world's largest manufacturer of mobile handsets in the world. The growing handset-platform stability, maturing production capabilities, form factor, feature set and product quality have bolstered consumer confidence in these China-made handsets.

Chinese handset's market share in emerging markets is significant and growing rapidly. The weakening global economy has also helped change consumers' mindset towards Chinese products; they offer a value-for-money proposition to a market that is relatively brand indifferent. At a similar price point, Chinese handsets offer better specifications and features than their branded counterpart.

éTouch handsets are now sold in Malaysia, Vietnam, Indonesia, Philippines and India. The business offers a high profit margin and quick turnaround times with a relatively low capital outlay. We expect éTouch's contribution to the Group's profitability and cashflow to grow significantly through 2009 and beyond.

In 2009, the Group commenced its inbox accessories design and supply business, targeted at major manufacturers of mobile handsets. This business is potentially very lucrative and highly profitable, capable of generating strong cashflow and an attractive return on capital. This business is spearheaded by a team led by industry veterans with the know-how and know-who.

We envisage great opportunities with these new businesses and are very confident they will contribute positively and significantly to the Group.

We have been in this business for well over 20 years. During this period, we have crafted and built ourselves a robust and sustainable business model which can withstand key economic stress and ride the growth of the industry. We have further consolidated our position in the market in recent years.

Building on this strong foundation, and with a clear corporate strategy in place, we will continue to enhance shareholders' value in the years to come and emerge stronger through this global economic crisis.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES

As at 31st December, 2008, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept under Section 352 of the SFO were as follows:

Shares in the Company

Name of Director	Number of Shares of HK$0.10 each				Percentage of issued share capital
	Personal interests	Family interests *(note (i))*	Corporate interests *(note (ii))*	Total	
Mr. Ng Kok Hong	596,766,389	9,088,625	—	605,855,014	31.14%
Mr. Ng Kok Tai	—	—	596,766,389	596,766,389	30.67%
Mr. Ng Kok Yang	146,944,889	—	—	146,944,889	7.55%
Mr. Wu Wai Chung Michael	2,003,500	—	—	2,003,500	0.10%

Notes:

(i) These Shares are held by Ms. Tan Sook Kiang, the spouse of Mr. Ng Kok Hong, and therefore Mr. Ng Kok Hong is deemed by virtue of the SFO to be interested in these Shares.

(ii) These Shares are held by NKT Holdings Sdn. Bhd., a company incorporated in Malaysia, which is owned as to 50% by Mr. Ng Kok Tai and as to 50% by Ms. Siew Ai Lian, the spouse of Mr. Ng Kok Tai. Mr. Ng Kok Tai is deemed by virtue of the SFO to be interested in these Shares.

Shares in an Associated Corporation

Name of Director	Number of non-voting deferred shares of HK$1.00 each in First Telecom International Limited		
	Personal interests	Family interests *(note)*	Total
Mr. Ng Kok Hong	1,239,326	18,878	1,258,204
Mr. Ng Kok Tai	1,239,326	—	1,239,326
Mr. Ng Kok Yang	305,160	—	305,160

Note: These shares are held by Ms. Tan Sook Kiang, the spouse of Mr. Ng Kok Hong, and therefore Mr. Ng Kok Hong is deemed by virtue of the SFO to be interested in these shares.

Save as disclosed above, as at 31st December, 2008, none of the Directors, chief executive or their associates had any interests, short positions or rights to subscribe for any securities of the Company or any of its associated corporations as defined in the SFO.

Save as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors (including their spouses or children under 18 years of age) or chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31st December, 2008, other than the interests disclosed in the section headed "Directors' Interests and Short Positions in Shares" above, there were no other persons who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

COMPETING INTEREST

None of the Directors or the management shareholders of the Company had an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31st December, 2008, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had, on 14th May, 2004, adopted a code of conduct (the "Code of Conduct") governing securities transactions by its Directors modeled on terms no less exacting than the required standard as set out in rules 5.48 to 5.67 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited. Subsequent to the Company's transfer from GEM to the Main Board of The Stock Exchange of Hong Kong Limited in November 2008, the Company revised and approved its Code of Conduct (the "New Code") on 18th December, 2008 to govern securities transactions by its Directors modeled on terms no less exacting than the required standard as set out in Appendix 10 of the Listing Rules, as amended from time to time.

Having made specific enquiry, all Directors have confirmed compliance with the Code of Conduct and the New Code throughout the year ended 31st December, 2008.

AUDIT COMMITTEE

The audit committee was established on 15th December, 2000 and comprises the three independent non-executive Directors:

Mr. See Tak Wah *(Committee Chairman)*
Mr. Wu Wai Chung Michael
Mr. Wong Tin Sang Patrick

The terms of reference of the audit committee was revised on 17th April, 2009 in accordance with the requirements of the Code on Corporate Governance Practices as set out by the Exchange. The primary duties of the audit committee include the review of financial information, overseeing the financial reporting system and internal control procedures as well as maintaining a working relationship with the external auditors.

The results of the Group for the year ended 31st December, 2008 have been reviewed by the audit committee.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the requirements of the Code on Corporate Governance Practices as set out by the Exchange during the year ended 31st December, 2008. A report on the corporate governance practices is embodied in the 2008 annual report.

By order of the Board
Ng Kok Hong
Executive Chairman

Hong Kong, 17th April, 2009

As at the date of this announcement, the Executive Directors of the Company are Mr. Ng Kok Hong (Executive Chairman), Mr. Ng Kok Tai (Executive Deputy Chairman) and Mr. Ng Kok Yang. The Independent Non-Executive Directors are Mr. See Tak Wah, Mr. Wu Wai Chung Michael and Mr. Wong Tin Sang Patrick.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures above in respect of this Annual Results Announcement ("Announcement") for the year ended 31st December, 2008 have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated accounts for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagements in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the Announcement.