



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

二零零四年中期報告  
Interim Report 2004

源於香港 延展無界  
FROM HONG KONG,  
TO A WIDER BEYOND.



# CONTENTS

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Condensed Consolidated Profit and Loss Account	P.2
Condensed Consolidated Balance Sheet	P.3
Condensed Consolidated Cash Flow Statement	P.4
Condensed Consolidated Statement of Changes in Equity	P.5
Notes to Condensed Accounts	P.6
Independent Review Report	P.18
Management Discussion and Analysis	P.19
Other Information	P.23

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The board of directors (the "Board") of New World Mobile Holdings Limited (the "Company") present herewith the interim report and condensed accounts of the Company and its subsidiaries (the "Group") for the six-months ended 30 June 2004. The consolidated results, consolidated cash flow statement and consolidated statement of changes in equity for the Group for the six-months ended 30 June 2004, and the consolidated balance sheet as at 30 June 2004 of the Group, all of which are unaudited and condensed, along with selected explanatory notes, are set out as below. This financial information relates to the Group's logistics business for the six months ended 30 June 2004 prior to completion of the acquisition of mobile telecommunications business of New World PCS Holdings Limited ("NWPCS") and its subsidiaries (collectively the "NWPCS Group") on 6 July 2004.

### CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the six months ended 30 June 2004

Unaudited Six months ended 30 June			
	Note	2004 HK\$'000	2003 HK\$'000
Turnover	2	392	3,116
Cost of sales		(1,689)	(3,195)
Gross loss		(1,297)	(79)
Other revenue		348	331
Selling and distribution costs		(3)	(3,202)
Administrative expenses		(9,285)	(14,590)
Provision for impairment of investment in an associated company		(34,685)	—
Other operating income/ (expenses)		37	(2,788)
Operating loss	3	(44,885)	(20,328)
Finance costs	4	(423)	(594)
Share of losses of:			
A jointly controlled entity		—	(149)
Associated companies		(2,584)	(14,719)
Loss before taxation		(47,892)	(35,790)
Taxation	6	—	—
Loss attributable to shareholders		(47,892)	(35,790)
Dividend	7	38,410	—
Basic loss per share	8	HK\$(1.28)	HK\$(0.98)*

\* The basic loss per share for the six months ended 30 June 2003 has been restated for the effect of share consolidation as detailed in note 20(e) of these condensed accounts.

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2004 and 31 December 2003

	Note	Unaudited 30 June 2004 HK\$'000	Audited 31 December 2003 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	2,864	3,994
Investments in associated companies	10	38,410	75,680
Investment in a jointly controlled entity	11	—	—
Investment securities		1,520	1,520
		42,794	81,194
<b>Current assets</b>			
Amount due from an associated company		265	1,103
Amount due from a jointly controlled entity		—	203
Trade receivables	12	925	4,567
Prepayments, deposits and other receivables		6,150	1,906
Trading securities		800	26,368
Bank balances and cash		47,361	25,872
		55,501	60,019
<b>Current liabilities</b>			
Amounts due to associated companies		—	424
Amount due to a related company	13	376	376
Trade payables		—	246
Other payables and accruals		9,294	3,650
		9,670	4,696
<b>Net current assets</b>		45,831	55,323
<b>Total assets less current liabilities</b>		88,625	136,517
Financed by:			
Share capital	15	37,515	37,515
Reserves	16	22,824	70,716
<b>Shareholders' funds</b>		60,339	108,231
<b>Non-current liability</b>			
Convertible bond	14	28,286	28,286
		88,625	136,517

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2004

	Unaudited Six months ended 30 June	
	2004 HK\$'000	2003 HK\$'000
Net cash used in operating activities	(4,428)	(16,013)
Net cash from investing activities	25,917	27,265
Net cash used in financing activities	—	(41)
Increase in cash and cash equivalents	21,489	11,211
Cash and cash equivalents at 1 January	25,872	37,668
Cash and cash equivalents at 30 June	47,361	48,879
Analysis of balances of cash and cash equivalents:		
Bank balances and cash	47,361	48,879

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2004

	Unaudited Six months ended 30 June	
	2004 HK\$'000	2003 HK\$'000
Total equity at 1 January	108,231	250,655
Loss attributable to shareholders	(47,892)	(35,790)
Total equity at 30 June	60,339	214,865

### NOTES TO CONDENSED ACCOUNTS

#### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

These unaudited consolidated condensed accounts are prepared in accordance with Hong Kong Statement of Standard Accounting Practice 25, Interim Financial Reporting, issued by the Hong Kong Institute of Certified Public Accountants.

These condensed accounts should be read in conjunction with the 2003 annual accounts.

The accounting policies and methods of computation used in the preparation of these condensed accounts are consistent with those used in the annual accounts for the year ended 31 December 2003.

#### 2. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in the provision of consultancy services for logistics management business together with the supply of related software, and provision of logistics management services. Turnover for the period represents service income earned by the Group.

An analysis of the Group's turnover and results for the period by business and geographical segments is as follows:

##### Primary reporting format — business segments

The Group is organised into two main business segments:

Logistics Technology	—	provision of consultancy services for logistics management business, together with the supply of related software.
Logistics Management	—	provision of logistics management services.



## 2. TURNOVER AND SEGMENT INFORMATION (Continued)

There are no sales or other transactions between these business segments.

	Logistics Technology Unaudited Six months ended 30 June		Logistics Management Unaudited Six months ended 30 June		Consolidated Unaudited Six months ended 30 June	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Segment turnover	392	2,106	—	1,010	392	3,116
Segment results	(3,392)	(7,314)	(3,131)	(6,968)	(6,523)	(14,282)
Other revenue					348	331
Unallocated expenses					(38,710)	(6,377)
Operating loss					(44,885)	(20,328)
Finance costs					(423)	(594)
Share of losses of:						
A jointly controlled entity					—	(149)
Associated companies					(2,584)	(14,719)
Loss before taxation					(47,892)	(35,790)
Taxation					—	—
Loss attributable to shareholders					(47,892)	(35,790)

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 2. TURNOVER AND SEGMENT INFORMATION (Continued)

#### Secondary reporting format — geographical segments

The Group's two business segments operate in two main geographical areas:

Hong Kong  
Mainland China

Sales are based on the countries where the customers are located. There are no sales between the geographical segments.

	Turnover Unaudited Six months ended 30 June		Segment results Unaudited Six months ended 30 June	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Hong Kong	98	1,634	(2,054)	(2,409)
Mainland China	294	1,482	(4,469)	(11,873)
	392	3,116	(6,523)	(14,282)

### 3. OPERATING LOSS

Operating loss is stated after crediting and charging the following:

Unaudited Six months ended 30 June		
	2004 HK\$'000	2003 HK\$'000
<b>Crediting</b>		
Interest income	34	140
Gain on disposal of trading securities	518	—
<b>Charging</b>		
Depreciation	1,008	1,064
Amortisation of goodwill	—	2,627
Cost of inventories sold and services provided	1,689	3,195
Staff costs, excluding directors' emoluments (note 5)	3,263	9,234
Write-off of fixed assets	83	161
Unrealised loss on trading securities	204	—
Loss on liquidation of a jointly controlled entity	62	—
Loss on disposal of fixed assets	4	—
Provision for doubtful debt	1,281	—

### 4. FINANCE COSTS

Unaudited Six months ended 30 June		
	2004 HK\$'000	2003 HK\$'000
Interest on convertible bond	423	585
Interest on finance leases	—	9
	423	594

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 5. STAFF COSTS, EXCLUDING DIRECTORS' EMOLUMENTS

Unaudited Six months ended 30 June		
	2004 HK\$'000	2003 HK\$'000
Salaries	3,217	9,137
Retirement benefit scheme contributions	46	97
	<u>3,263</u>	<u>9,234</u>

### 6. TAXATION

No provision for Hong Kong profits tax and overseas taxation has been made because there is no estimated assessable profit for the Group during the period (2003: Nil).

### 7. DIVIDEND

Unaudited Six months ended 30 June		
	2004 HK\$'000	2003 HK\$'000
Special, proposed, of 213 consolidated NWCB Shares (2003: Nil) per 100 consolidated ordinary share (Note)	<u>38,410</u>	<u>—</u>

Note:

In the board meeting held on 29 March 2004, the directors proposed a special dividend by way of distribution in specie ("Distribution") of the 1,600,419,388 ordinary shares of HK\$0.02 each in the issued capital of New World CyberBase Limited ("NWCB Shares") held by the Group on the basis of 426 NWCB Shares for every 10 consolidated shares of the Company after the share consolidation as detailed in note 20(e). This proposed special dividend was approved by the shareholders of the Company at an extraordinary general meeting held on 25 June 2004 and was conditional upon the completion of the subscription agreement as detailed in note 20(b). The subscription agreement was subsequently completed on 6 July 2004.

As announced by the Company on 6 September 2004, the basis of the Distribution had been changed to 213 consolidated NWCB Shares for every 100 consolidated shares of the Company as a result of the consolidation of NWCB Shares which became effective on 23 August 2004.

This proposed dividend is not reflected as a dividend payable in these condensed accounts, but will be reflected as an appropriation of retained earnings of the Company for the year ending 31 December 2004.

## 8. LOSS PER SHARE

Calculation of basic loss per share is based on the Group's loss attributable to shareholders of HK\$47,892,000 (2003: HK\$35,790,000) and weighted average of 37,515,557 (2003: 36,415,557) consolidated ordinary shares being deemed to have been issued during the period, after taking into account the effect of share consolidation as detailed in note 20(e).

The exercise of share options and convertible bonds would have anti-dilutive effects on basic loss per share and accordingly no diluted loss per share for the periods ended 30 June 2004 and 2003 are presented.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group had no capital expenditures (2003: HK\$735,000) for additions of property, plant and equipment.

## 10. INVESTMENTS IN ASSOCIATED COMPANIES

Included in the Group's share of net assets of associated companies is the share of net assets of New World CyberBase Limited ("NWCB"), a company incorporated in Bermuda and the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 30 June 2004, the Group held approximately 27.48% equity interest in NWCB. The details of the subsequent distribution in specie for the NWCB Shares by the Company are disclosed in note 7.

Extracts of the audited consolidated balance sheet and audited consolidated profit and loss account of NWCB and its subsidiaries, based on the published audited annual consolidated financial statements of NWCB for the year ended 31 March 2004, are set out below:

	Audited As at 31 March 2004 HK\$'000
Non-current assets	390,250
Current assets	26,378
Current liabilities	(77,084)
Non-current liabilities	(111,500)
Minority interests	(156)
Net assets	227,888

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 10. INVESTMENTS IN ASSOCIATED COMPANIES (Continued)

	Audited Year ended 31 March 2004 HK\$'000
Turnover	29,650
Loss for the year before minority interests	(27,371)
Minority interests	1,164
Loss attributable to shareholders	(26,207)

NWCB's financial year end date is 31 March, which is not coterminous with the Group.

### 11. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

As at 31 December 2003, the Group held 50% equity interest in a jointly controlled entity 漢道科技諮詢(珠海)有限公司. This company was liquidated during the six months ended 30 June 2004.

### 12. TRADE RECEIVABLES

Aging analysis of trade receivables is as follows:

	Unaudited As at 30 June 2004 HK\$'000	Audited As at 31 December 2003 HK\$'000
Current to 90 days	—	3,135
91 to 180 days	—	1,432
Over 180 days	925	—
	925	4,567

The Group normally allows credit terms to customers not exceeding 180 days.

### 13. AMOUNT DUE TO A RELATED COMPANY

The amount due to a related company, which is controlled by a director of the Company, is interest-free, unsecured and has no fixed terms of repayment.

#### 14. CONVERTIBLE BOND

In November 2001, the Company issued a HK\$39,286,000 (the "Principal Amount") convertible bond (the "Convertible Bond") to New World CyberBase Nominee Limited ("NWCBN"), a company incorporated in the British Virgin Islands and a subsidiary of New World Development Company Limited ("NWD"). NWD is a company incorporated in Hong Kong whose shares are listed on the Stock Exchange. The Convertible Bond is convertible into shares of the Company at an initial conversion price of HK\$0.10 per share (subject to adjustment) at any time from and including the first anniversary of the date of the issue of the Convertible Bond until the maturity date ending on the last business day preceding the third anniversary of the date of the issue of the Convertible Bond (i.e. 1 November 2004). The Convertible Bond bears interest at 3% per annum which accrues on a day-to-day basis on the Principal Amount of the Convertible Bond outstanding, and is payable semi-annually in arrears. The outstanding Principal Amount of the Convertible Bond together with interest accrued thereon will be repaid, subject to and in accordance with the terms of the Convertible Bond, on 1 November 2004.

In December 2003, a portion of the Principal Amount of the Convertible Bond at HK\$11,000,000 was converted into 110,000,000 ordinary shares of the Company at the conversion price of HK\$0.10 per share. In addition, NWCBN had indicated its intention in writing that the maturity date of the Convertible Bond would be extended to 1 November 2007. Based on the indication, the Convertible Bond is classified as a non-current liability as at 30 June 2004.

In July 2004, the conversion price of the Convertible Bond was adjusted to HK\$1.22 per consolidated ordinary share of the Company after the completion of the distribution of NWCB Shares, subscription agreement and share consolidation as detailed in notes 7, 20(b) and 20(e) respectively.

#### 15. SHARE CAPITAL

	Ordinary shares of HK\$0.01 each	
	No. of shares	HK\$'000
Authorised:		
At 1 January 2003, 2004 and 30 June 2004	10,000,000,000	100,000
Issued and fully paid:		
At 1 January 2003 and 30 June 2003	3,641,555,700	36,415
Issuance of new shares upon partial conversion of Convertible Bond (note 14)	110,000,000	1,100
At 31 December 2003 and 30 June 2004	3,751,555,700	37,515

## CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 15. SHARE CAPITAL (Continued)

Subsequent to 30 June 2004, the Company completed a subscription agreement for issuance of new shares. Moreover, the authorised capital of the Company was increased and a share consolidation exercise had been completed. For details please refer to notes 20(c) and 20(e).

At 30 June 2004, share options to subscribe for an aggregate of, after taking into account of the effect of the completion of subscription agreement and share consolidation as detailed in notes 20(b) and 20(e) respectively, 448,000 shares of consolidated ordinary share were outstanding, which are exercisable at an adjusted exercise price of HK\$2.44 per consolidated share at any time prior to 8 February 2008.

### 16. RESERVES

	Share premium HK\$'000	(Accumulated losses)/ Retained earnings HK\$'000	Total HK\$'000
As at 1 January 2003	307,880	(93,640)	214,240
Loss for the period	—	(35,790)	(35,790)
As at 30 June 2003	307,880	(129,430)	178,450
Partial conversion of Convertible Bond (note 14)	9,900	—	9,900
Loss for the period	—	(117,634)	(117,634)
As at 31 December 2003	317,780	(247,064)	70,716
Capital reduction (note a)	(317,780)	317,780	—
Loss for the period	—	(47,892)	(47,892)
As at 30 June 2004	—	22,824	22,824

Note

- (a) Pursuant to a resolution passed at the extraordinary general meeting held on 25 June 2004, the entire amount standing to the credit of the share premium account of the Company was applied first to set off the accumulated losses of the Company as at 31 December 2003, and then to effect the distribution of special dividend as mentioned in note 7. The remaining balance, if any, is to be applied as the directors may consider appropriate, subject to the compliance with the laws of the Cayman Islands.

### 17. CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2004 and 31 December 2003.



## 18. COMMITMENTS UNDER OPERATING LEASES

At 30 June, 2004, the Group had total future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings as follows:

	Unaudited As at 30 June 2004 HK\$'000	Audited As at 31 December 2003 HK\$'000
Within one year	410	584
In the second to fifth year inclusive	—	82
	410	666

## 19. RELATED PARTY TRANSACTIONS

Significant related party transactions, which were carried out in the normal course of the Group's business during the period, are as follows:

Unaudited Six months ended			
	Note	30 June 2004 HK\$'000	30 June 2003 HK\$'000
Rental and office administrative expenses paid to related companies, a director of which is also a director of the Company	(a)	—	620
Reimbursements of rental and office administrative expenses from a related company, a director of which is also a director of the Company	(b)	277	284
Interest paid for the Convertible Bond to NWCBN	(c)	423	585

- (a) The amount was charged for the provision of office space and the sharing of office administrative expenses. The rental expenses was charged with reference to the then market rental and the administrative expenses were charged on an actual cost incurred basis, taking into account of the headcount and/or area occupied.
- (b) The amount was reimbursed for the provision of office space and the sharing of office administrative expenses actually incurred. The rental expense was charged with reference to the then market rental and the administrative expenses were reimbursed on an actual cost incurred basis, taking into account of the headcount and/or area occupied.
- (c) The Group paid interest to NWCBN, the Convertible Bond holder, of which a director of the Company is also a director. The interest was charged at 3% per annum and was payable semi-annually in arrears.

## 20. SUBSEQUENT EVENTS

Subsequent to 30 June 2004, apart from the distribution of special dividend as mentioned in note 7 above, the Group had entered into the following significant transactions:

- (a) On 29 March 2004, the Company entered into a conditional sale and purchase agreement with New World Telephone Holdings Limited ("NWTHL"), a wholly-owned subsidiary of NWD, pursuant to which the Company agreed to purchase the 100% equity interest of the NWPCS Group from NWTHL at an aggregate cash consideration of HK\$1,250,000,000. The transaction was completed on 6 July 2004.

Certain audited financial information of the NWPCS Group extracted from its accountants' report as contained in the Company's circular dated 2 June 2004 is as below:

	As at 31 December 2003 HK\$'000	As at 30 June 2003 HK\$'000
Non-current assets	1,461,981	1,511,258
Current assets	222,929	224,799
Current liabilities	(1,475,711)	(1,469,355)
Non-current liabilities	(1,171,102)	(1,306,102)
Net liabilities	(961,903)	(1,039,400)

	Six months ended 31 December 2003 HK\$'000	Year ended 30 June 2003 HK\$'000
Turnover	848,061	1,662,328
Profit attributable to shareholders	77,497	188,806

After taking into account of the issuance of subscription shares by the Company as mentioned in note 20(b) below, under the Generally Accepted Accounting Principles in Hong Kong, the acquisition of the NWPCS Group will be considered as a reverse acquisition since NWD will become the controlling shareholder of the Company after the acquisition. For accounting purpose, NWPCS will be regarded as the acquirer while the Group will be deemed to have been acquired by NWPCS as the acquiree. NWPCS will be regarded as the continuing entity in the consolidated financial statements of the Group after the acquisition.

## 20. SUBSEQUENT EVENTS (Continued)

- (b) On 29 March 2004, the Company entered into a conditional subscription agreement with Power Palace Group Limited ("PPG"), a wholly-owned subsidiary of NWD, pursuant to which PPG agreed to subscribe for:
  - (i) 4,166,666,667 shares of newly issued ordinary share of the Company (before taking into account of the effect of share consolidation as mentioned below) at an issue price of HK\$0.012 per share; and
  - (ii) a convertible note (the "Subscription Note") of a principal amount of HK\$1,200,000,000. The Subscription Note, unless previously converted, will be repaid by the Company upon its maturity on the business day immediately preceding the third anniversary of the date of its issue. It bears a coupon from its date of issue at the rate of 0.75% per annum and, at the discretion of the holder, can be converted, in whole or any part thereof, into the ordinary shares of the Company at an initial conversion price of HK\$0.012 per share (before taking into account of the effect of the share consolidation as mentioned below), subject to adjustment.

The subscription was completed on 6 July 2004.

- (c) On 6 July 2004, the authorised capital of the Company was increased from HK\$100,000,000 to HK\$2,000,000,000 by the creation of additional 190,000,000,000 ordinary shares (before taking into account of the effect of share consolidation as mentioned below) of HK\$0.01 each.
- (d) On 6 July 2004, the name of the Company was changed from Asia Logistics Technologies Limited to New World Mobile Holdings Limited.
- (e) On 7 July 2004, every 100 issued or unissued ordinary share of HK\$0.01 each of the Company was consolidated into one consolidated ordinary share of HK\$1.00 each.



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INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF  
**NEW WORLD MOBILE HOLDINGS LIMITED**  
*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have been instructed by the company to review the interim financial report set out on pages 2 to 17.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice 25 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

## REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2004.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 21 September 2004

### FINANCIAL RESULTS

For the six months ended 30 June 2004, the Group recorded a turnover of approximately HK\$0.4 million, representing 87% decrease from approximately HK\$3.1 million for the corresponding period in the previous year. Loss attributable to shareholders amounted to approximately HK\$47.9 million, as compared with HK\$35.8 million in the same period last year.

The drop in turnover of the Group was mainly due to the persisting tough market condition and fierce competition in the logistics industry. The loss attributable to shareholders for the current period was mainly represented by the provision for impairment loss on investment in an associated company of approximately HK\$34.7 million.

### FINANCIAL POSITION

Saved for entering into a sale and purchase agreement for the acquisition of the NWPCS Group as further discussed in the section of "BUSINESS REVIEW" below, the Group has made no material acquisition or disposal of subsidiaries or associated companies during the period under review. The Group generally financed its business development by means of internal resources. As at 30 June 2004, the balance of cash and cash equivalents held by the Group amounted to approximately HK\$47.4 million (31 December 2003: HK\$25.9 million). Apart from a convertible bond of approximately HK\$28.3 million (31 December 2003: HK\$28.3 million), the Group had no bank or other borrowings as at 30 June 2004. The convertible bond will mature in November 2004 and the bondholder had indicated its intention in writing to extend the maturity of the bond to November 2007. The gearing ratio of the Group (total debt/total shareholders' equity) as at 30 June 2004 was 0.47 (31 December 2003: 0.26).

The Group's business transactions, monetary assets and liabilities are mainly denominated in Hong Kong dollar and Renminbi. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the period under review, there had been minimal fluctuation in exchange rate between Hong Kong dollar and Renminbi. The Group does not conduct any foreign currency speculative activities.

The Group had no material contingent liability as at 30 June 2004 (31 December 2003: Nil).

As at 30 June 2004, none of the assets held by the Group were pledged to other parties (31 December 2003: Nil).

### BUSINESS REVIEW

During the period under review, the Group continued its focuses on logistics management solutions services including logistics consultancy and solution implementation. The Group was also exploring various potential strategic investment opportunities so as to raise the returns to the shareholders. In July 2004, the Group successfully acquired the NWPCS Group, previously the wholly-owned mobile business unit of NWD.

Nevertheless, the results of operations of the mobile business were not included in the results of the Group for the six months ended 30 June 2004 as the acquisition was completed after 30 June 2004.

### Logistics business

As a fourth party logistics solutions and services provider, the Group continued to face a tough and difficult market environment in the logistics industry in mainland China. Keen competition, increasing costs pressure and stiff regulations remained the key challenges of the Group during the period under review.

In view of the arduous operating condition and eroding margins, the Group had cautiously restructured its business such that provision of local and regional transportation services yielding low margin and value are no longer a prime focus of the Group.

Capitalizing on its extensive knowledge in logistics industry and solid experience in supply chain and logistics consultancy services, the Group has concentrated its resources in the projects with Tianjin Zhongxin Pharmaceutical Group Corporation Limited ("Zhongxin") and EXEL Singapore Pte Ltd ("Exel") during the first half of 2004.

Under the project with Zhongxin, the Group was providing Point of Sales solutions and Enterprise Resources Planning solutions integration services for Zhongxin's subsidiaries and retail shops in mainland China. For Exel, the Group was engaged to provide system development services for the Customs Processing System. Both projects were reaching their final stages of respective phases.

In order to improve the efficiency of operation and achieve the goal of costs saving, the Group had undergone a restructuring during the period under review such that the organization structure was much simplified. The total number of employees of the Group was brought down from 85 on 31 December 2003 to 36 on 30 June 2004.

### Mobile business

As a way to diversify the operation of the Group and broaden the revenue base by investing in new business lines, the Group had completed the acquisition of 100% equity interest in the NWPCS Group for a consideration of HK\$1,250 million in July 2004.

The NWPCS Group believes that reliable and innovative data solutions in the next generation of mobile services will bring immense potential for its subscribers. In future, the NWPCS Group will continue to devote in offering advanced and pioneering multi-media mobile solutions in order to fulfill and exceed the expectations of mobile users.

Operating under the brand name of New World Mobility, the NWPCS Group has emerged to become a leading mobile operator since its inauguration in 1997. Through provision of superb quality mobile network and introduction of various innovative and value-added mobile data services, the NWPCS Group has further reinforced its position in the marketplace. The NWPCS Group is principally engaged in offering superior mobile services including voice service and customized data services tailored to the needs of individual customer groups via advanced mobile technology. The NWPCS Group has achieved a strong growth in its subscriber base over the past 7 years. Notwithstanding the intensifying competition in the Hong Kong mobile market, the subscriber base of the NWPCS Group surged to over 1,200,000 by the end of 2003.

Over the past few years, the NWPCS Group has made significant achievements in boosting the usage of mobile data services in Hong Kong. As early as 2002, the NWPCS Group started offering the first video-streaming service in town — **MECARE Mobile Viewing Service** that allowed users to view what's happening at home instantly on their mobile handsets anytime, anywhere. The popular **Twins Mobile** and **Star Mobile** are only few of the very exciting and pioneering mobile entertainment services that the NWPCS Group brought to the market to boost data usage of young subscribers. At the end of 2003, the NWPCS Group stepped up its effort in promoting data services by regrouping its multi-media services under the brand-new service platform **M Kee**, giving customers easy access to their desired services with an icon-based color WAP. In August 2004, the NWPCS Group pioneered the market again by launching **marie Fantasy** — the first-ever Disney Character mobile prepaid SIM card worldwide, providing young users with the exclusive contents of Marie. The introduction of various innovative services helps reinforce the NWPCS Group's image as a leading service provider in the mobile market.

The NWPCS Group has been successful in exploring new market segments by using its customer segmentation strategy. In view of the great potential of the mobile prepaid market, the NWPCS Group has launched various theme-based prepaid SIM cards targeting at different segments of the market, including **Avenue of Stars Commemorative Stored-value Card** and **Roaming Stored-value Card**. The NWPCS Group has further extended its reach to the mobile youth by enriching the content of its well-received **Star Mobile** and launching the first-ever Disney Character mobile prepaid SIM card **marie Fantasy**.

The NWPCS Group has established a strong foothold in the marketplace with a total of 35 retail outlets strategically located in high-traffic areas. Its presence has been accentuated by entering into dealership agreements with various retail chains and subsequently extending its retail network to over 1,300 sales points throughout Hong Kong.

The NWPCS Group has also made significant achievements in marketing the brand equity and product innovations of New World Mobility. With its relentless marketing efforts, New World Mobility has been widely recognized as a solid, vibrant and innovative brand. The most renowned marketing initiative is the brand campaign in 2001 which brought the NWPCS Group over 27 local and international awards in Hong Kong, Thailand, UK and the US.

The success of the NWPCS Group is reflected by its strong financial performance in recent years. Notwithstanding losses in early years, the NWPCS Group has steadily grown to a profit of approximately HK\$189 million for the full year ended 30 June 2003 and approximately HK\$77 million for the six months ended 31 December 2003.

For the purpose of financing the acquisition of the NWPCS Group, pursuant to a subscription agreement dated 29 March 2004 (the "Subscription Agreement"), the Company has issued 41,666,666 new consolidated shares to PPG, a wholly-owned subsidiary of NWD for a total of HK\$50 million in July 2004. Moreover, a convertible note of HK\$1,200 million was also issued by the Company to PPG at the same time. This convertible note bears an interest of 0.75% per annum, shall mature in July 2007 and is convertible into the ordinary shares of the Company at an exercise price of HK\$1.20 per share, subject to adjustments.

The acquisition of the NWPCS Group marked a significant milestone in the business development of the Company. The management is confident that such a diversified investment in the mobile industry can bring immense potential to the future growth of the Group and fetch pleasing returns to the shareholders.

### PROSPECTS

In future, the Group will place its prime focus on the development of mobile business.

After the acquisition by the Company, the NWPCS Group will continue to pledge its goal in fulfilling the expectations of its customers by providing reliable and quality mobile services. In the face of the launch of the third generation mobile services in Hong Kong, the Group believes that bringing value-added services tailored to customer needs via the existing GSM network remains the most cost-effective strategy for staying competitive in the market. In June 2004, the NWPCS Group has signed a USD 30 million contract with Nokia for the expansion of its GSM network, including EDGE and Push to Talk over Cellular (PoC). As one of the hottest topics in the global wireless industry, the PoC service enables mobile users to turn their mobile phones into walkie-talkies by connecting to other phones without dialing via GPRS technology.

In addition, the Group will continue the existing activities of the logistics business.

### DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2004 (2003: Nil).

Based on a resolution passed at the extraordinary general meeting of the Company held on 25 June 2004, a special dividend was approved for the distribution of a total of 1,600,419,388 ordinary shares of HK\$0.02 each in NWCB held by the Company by way of a distribution in specie to the shareholders of the Company whose names appeared in the register of members of the Company at the close of business on 25 June 2004. This special dividend was conditional upon the completion of the Subscription Agreement. The Subscription Agreement was subsequently completed on 6 July 2004. The closing market price of the ordinary shares of NWCB on 6 July 2004 was HK\$0.024 per share.

### EMPLOYEES

As at 30 June 2004, the Group had a total of 36 employees (31 December 2003: 85). Apart from salaries, the Group also provides other fringe benefits to employees, which include provident funds, medical insurance and share options. The remuneration policies and packages of the Group are reviewed on a regular basis and are in line with the local practices where the Group operates.



## SHARE OPTIONS

At the 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"). The 2002 Share Option Scheme is designed to reward and provide incentives to employees and other stakeholders for their contributions to the Group.

No share options have been granted under the 2002 Share Option Scheme.

Movements of the share options, which were granted under the 1998 Share Option Scheme, during the period were as follows:

Name or category of participant	Number of shares subject to options				Date of grant	Exercise Price HK\$	Exercise period
	At 1 January 2004	Exercised during the period	Lapsed during the period	At 30 June 2004			
<i>Directors:</i>							
Lo Lin Shing, Simon	20,000,000	—	—	20,000,000	8.2.2002	0.150	9.2.2002 to 8.2.2008
Chan Wai Keung, Ringo (Note a)	10,000,000	—	—	10,000,000	8.2.2002	0.150	9.2.2002 to 8.2.2008
Yu Ansheng, Ben (Note a)	10,000,000	—	—	10,000,000	8.2.2002	0.150	9.2.2002 to 8.2.2008
<i>Employees</i>	5,000,000	—	200,000	4,800,000	8.2.2002	0.150	9.2.2002 to 8.2.2008
	45,000,000	—	200,000	44,800,000			

Notes:

- (a) Resigned as directors of the Company on 6 July 2004.
- (b) All the above share options are vested in tranches during the period from 9 February 2002 to 8 August 2003.
- (c) On 28 July 2004, adjustments had been made to the exercise price and the number of share options as a result of the completion of the subscription agreement and share consolidation. Accordingly, the aggregate number of outstanding share options was adjusted from 44,800,000 shares to 448,000 consolidated shares and the exercise price was adjusted from HK\$0.15 per share to HK\$2.44 per consolidated share.

## OTHER INFORMATION

### DIRECTORS' INTERESTS AND SHORT POSITIONS

As at 30 June 2004, the interests and short positions of the directors and chief executive of the Company in 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 ("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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

#### (1) Long position in the shares of the Company

Name of director	Number of Shares			Percentage of shareholding
	Corporate interests	Family interests	Total	
Lo Lin Shing, Simon	1,129,758,000 (Note a)	—	1,129,758,000	30.11%
Chan Ki	225,400,000 (Note b)	33,300,000 (Note c)	258,700,000	6.90%

Notes:

- (a) These 1,129,758,000 shares are held by Golden Infinity Co., Ltd., which is wholly owned by Mr. Lo Lin Shing, Simon. Accordingly, Mr. Lo Lin Shing, Simon is deemed to be interested in the said 1,129,758,000 shares held by Golden Infinity Co., Ltd. under the SFO.
- (b) These 225,400,000 shares are held by Silver Valley Limited, which is wholly owned by Mr. Chan Ki. Accordingly, Mr. Chan Ki is deemed to be interested in the said 225,400,000 shares held by Silver Valley Limited under the SFO. Mr. Chan Ki resigned as director of the Company on 6 July 2004.
- (c) These 33,300,000 shares are held by Full Smart Development Limited, which is wholly owned by Ms. Fong Wai Na, the spouse of Mr. Chan Ki. Accordingly, Mr. Chan Ki is deemed to be interested in the said 33,300,000 shares held by Full Smart Development Limited under the SFO.
- (d) The interests disclosed above have not taken into account of the effect of share consolidation which became effective on 7 July 2004.

#### (2) Long position in underlying shares of the Company

Certain directors were granted share options to subscribe for shares of the Company under the share option scheme adopted by the Company on 11 September 1998, details of which were set out in the section headed "SHARE OPTIONS" above.

### DIRECTORS' RIGHTS TO ACQUIRE SHARE

Save as disclosed under the section headed "SHARE OPTIONS" above, at no time during the period was the Company or any of its subsidiaries a party to any arrangement to enable the Company's directors, their respective spouse, or children under 18 years of age to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS

So far as is known to the directors of the Company, as at 30 June 2004, the interests or short positions of the persons (other than the directors or chief executive of the Company) in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

### (1) Long position in the shares of the Company

Name	Capacity	Number of shares	Percentage of shareholding
<i>Substantial shareholders:</i>			
Golden Infinity Co., Ltd.	Beneficial owner	1,129,758,000 (Note a)	30.11%
Ms. Ku Ming Mei, Rouisa	Interest of spouse	1,129,758,000 (Note b)	30.11%
Power Palace Group Limited	Beneficial owner	4,166,666,667 (Note c)	111.07%
New World Development Company Limited	Interest of a controlled corporation	4,376,666,667 (Note e)	116.66%
Chow Tai Fook Enterprises Limited	Interest of a controlled corporation	4,376,666,667 (Note f)	116.66%
<i>Other shareholders:</i>			
Silver Valley Limited	Beneficial owner	225,400,000 (Note g)	6.01%
Fong Wai Na	Interest of a controlled corporation and interest of spouse	258,700,000 (Note h)	6.90%
New World CyberBase Nominee Limited	Beneficial owner	210,000,000	5.60%
New World Telephone Holdings Limited	Interest of a controlled corporation	210,000,000 (Note d)	5.60%

## OTHER INFORMATION

### Notes:

- (a) Golden Infinity Co., Ltd. is wholly owned by Mr. Lo Lin Shing, Simon, a director of the Company.
- (b) These 1,129,758,000 shares represent the interests held by Golden Infinity Co., Ltd.. Ms. Ku Ming Mei, Rouisa is the spouse of Mr. Lo Lin Shing, Simon, a director of the Company and accordingly, she is deemed to be interested in the said 1,129,758,000 shares held by Golden Infinity Co., Ltd. under the SFO.
- (c) These 4,166,666,667 new shares are to be allotted and issued to Power Palace Group Limited pursuant to the subscription agreement dated 29 March 2004. Completion of the said subscription agreement took place on 6 July 2004.
- (d) New World CyberBase Nominee Limited is a wholly-owned subsidiary of New World Telephone Holdings Limited. Accordingly, New World Telephone Holdings Limited is deemed to be interested in the shares held by New World CyberBase Nominee Limited under the SFO.
- (e) Each of Power Palace Group Limited and New World Telephone Holdings Limited is a wholly-owned subsidiary of New World Development Company Limited. Accordingly, New World Development Company Limited is deemed to be interested in the shares held/to be held by Power Palace Group Limited and, for the reason stated in note (d) above, New World CyberBase Nominee Limited under the SFO.
- (f) Chow Tai Fook Enterprises Limited and its subsidiaries own a total of 35.26% equity interests in New World Development Company Limited. Accordingly, Chow Tai Fook Enterprises Limited is deemed to be interested in the shares held/to be held by Power Palace Group Limited and, for the reason stated in note (d) above, New World CyberBase Nominee Limited under the SFO.
- (g) Silver Valley Limited is wholly owned by Mr. Chan Ki, a director of the Company.
- (h) These 258,700,000 shares represent the aggregate of (i) interests in 225,400,000 shares held by Silver Valley Limited, and (ii) 33,300,000 shares held by Full Smart Development Limited. Ms. Fong Wai Na is the spouse of Mr. Chan Ki and the beneficial owner of the entire issued share capital of Full Smart Development Limited. Accordingly, Ms. Fong Wai Na is deemed to be interested in the said 225,400,000 shares held by Silver Valley Limited for the reason stated in note (g) above and the said 33,300,000 shares held by Full Smart Development Limited under the SFO.
- (i) The interests disclosed above have not taken into account the effect of share consolidation which became effective on 7 July 2004.

(2) Long position in the underlying shares of the Company

Name	Capacity	Category of equity derivatives	Number of underlying shares
Ms. Ku Ming Mei, Rouisa	Interest of spouse	Unlisted, physically settled	20,000,000 (Note a)
New World CyberBase Nominee Limited	Beneficial owner	Unlisted, physically settled	282,860,000 (Note b)
New World Telephone Holdings Limited	Interest of a controlled corporation	Unlisted, physically settled	282,860,000 (Note c)
Power Palace Group Limited	Beneficial owner	Unlisted, physically settled	100,000,000,000 (Note d)
New World Development Company Limited	Interest of a controlled corporation	Unlisted, physically settled	100,282,860,000 (Note e)
Chow Tai Fook Enterprises Limited	Interest of a controlled corporation	Unlisted, physically settled	100,282,860,000 (Note f)

Notes:

- (a) These 20,000,000 underlying shares represent the interest of Mr. Lo Lin Shing, Simon, who is the spouse of Ms. Ku Ming Mei, Rouisa and a director of the Company, in the share options granted by the Company under the share option scheme of the Company.
- (b) These 282,860,000 underlying shares represent the shares which may be issued upon the exercise of any of the conversion rights attaching to the outstanding convertible note of principal amount of HK\$28,286,000 issued to New World CyberBase Nominee Limited on 2 November 2001.
- (c) New World CyberBase Nominee Limited is a wholly-owned subsidiary of New World Telephone Holdings Limited. Accordingly, New World Telephone Holdings Limited is deemed to be interested in the underlying shares held by New World CyberBase Nominee Limited under the SFO.
- (d) These 100,000,000,000 underlying shares represent the shares which may be issued upon the exercise of any of the conversion rights attaching to the convertible note in the principal amount of HK\$1,200 million to be issued to Power Palace Group Limited pursuant to the subscription agreement dated 29 March 2004. Completion of the said subscription agreement took place on 6 July 2004.
- (e) Each of Power Palace Group Limited and New World Telephone Holdings Limited is a wholly-owned subsidiary of New World Development Company Limited. Accordingly, New World Development Company Limited is deemed to be interested in the underlying shares held/to be held by Power Palace Group Limited and, for the reason stated in note (c) above, New World CyberBase Nominee Limited under the SFO.
- (f) Chow Tai Fook Enterprises Limited and its subsidiaries own a total of 35.26% equity interests in New World Development Company Limited. Accordingly, Chow Tai Fook Enterprises Limited is deemed to be interested in the underlying shares held/to be held by Power Palace Group Limited and, for the reason stated in note (c) above, New World CyberBase Nominee Limited under the SFO.
- (g) The interests disclosed above have not taken into account the effect of share consolidation which became effective on 7 July 2004.

### PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

### COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the directors of the Company is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the interim report, in compliance with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange except that the non-executive directors and independent non-executive directors of the Company are appointed subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the provisions of the Company's articles of association.

### REVIEW OF INTERIM FINANCIAL STATEMENTS

The audit committee, which comprises the three independent non-executive directors of the Company, and the external auditors, Messrs. PricewaterhouseCoopers, have reviewed the unaudited financial statements of the Group for the six months ended 30 June 2004.

### BY ORDER OF THE BOARD

**Dr. Wai Fung Man, Norman**

*Executive Director and Chief Executive Officer*

Hong Kong, 21 September 2004

As at the date of this report, the Board of the Company comprises:

#### **Executive Directors:**

Dr. Cheng Kar Shun, Henry (*Chairman*)

Mr. Doo Wai Hoi, William, JP (*Vice Chairman*)

Dr. Wai Fung Man, Norman (*Chief Executive Officer*)

Mr. To Hin Tsun, Gerald

Mr. Chow Yu Chun, Alexander

#### **Non-executive Directors:**

Mr. Lo Lin Shing, Simon

Mr. Ho Hau Chong, Norman

#### **Independent Non-executive Directors:**

Mr. Wei Chi Kuan, Kenny

Mr. Kwong Che Keung, Gordon

Mr. Cheng Ming Fun, Paul, JP



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

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新 世 界 集 團 成 員  
Member of New World Group