

**New World Mobile Holdings Limited  
Announces its Second Interim Results 2004**

	Six months ended 31 December		Twelve months ended 31 December	
	<b>2004</b>	2003	<b>2004</b>	2003
	<i>HK\$M</i>	<i>HK\$M</i>	<i>HK\$M</i>	<i>HK\$M</i>
	<b>Unaudited</b>	Audited	<b>Unaudited</b>	Unaudited
Turnover	<b>859</b>	848	1,709	1,668
Turnover from mobile communications services	<b>669</b>	742	1,369	1,479
Profit attributable to shareholders	<b>56</b>	77	142	193
EBITDA	<b>210</b>	223	446	462
■ For the six months ended 31 December 2004, the subscriber base has increased by 4% to 1.3 million.				
■ Revenue from sales of mobile handsets and accessories was approximately HK\$186 million, representing a 75% surge as compared to approximately HK\$106 million in the last period.				

**(HONG KONG, 14 March 2005)** New World Mobile Holdings Limited (‘NW Mobile’ or ‘The Group’, Hong Kong stock code: 0862) today announces the second interim results for the six and twelve months ended 31 December 2004 (covering the period 1 January 2004 to 31 December 2004).

For the six months ended 31 December 2004, ‘NW Mobile’ recorded a turnover of HK\$859 million, representing a 1% increase from approximately HK\$848 million for the corresponding period last year. The turnover of the Group mainly comprised mobile communications services revenue and sales of handsets and accessories. Due to intense competition of the mobile communications market, revenue from mobile communications services for the current period amounted to approximately HK\$669 million, representing a 10% decrease from approximately HK\$742 million for the corresponding period last year.

Dr. Norman Wai, Chief Executive Officer and Executive Director of New World Mobile Holdings Limited, says, “Although 3G operators rolled out respective services last year and lured users with various promotions that intensified the already fierce market competition, causing revenue from mobile communications services of the Group to decrease by 10%, the Group managed to maintain a steady income, thanks to the increasing roaming revenue from mainland tourists as well as the growing revenue from mobile data services and handset sales.”

The Group launched various marketing offers to maintain its competitiveness, including giving extra communications minutes away to voice plans and offering rebate to new subscribers who were porting into the mobile network of NW Mobile, which resulted in the decline of post-paid ARPU (Average Revenue per User) from HK\$189 in the last period to HK\$171 in the current period.

Faced with intense market competition, the Group managed to record an increase in the subscriber base of its mobile communications services. For the six months ended 31 December 2004, the Group’s subscriber base increased by 4% to 1.3 million. Apart from its great success in attracting new subscribers, the Group managed to maintain its churn rate at 2.8%, on a par with market level, by offering various contract-binding promotions to existing customers and putting continuous effort in excelling its services. During the period, the Group leveraged the great potential of the mobile prepaid market and put immense effort in exploring this unique market. Having launched various theme-based prepaid SIM cards to different market segments, the Group saw a substantial increase in prepaid subscriber number during the period.

As compared to the corresponding period last year, revenue from sales of mobile handsets and accessories for the period was approximately HK\$186 million, representing a 75% surge as compared to approximately HK\$106 million in the last period. However, as the gross profit margin from mobile handsets and accessories sales is relatively low, and with the decline of ARPU, the Group’s gross profit decreased by 8% to HK\$436 million as compared to the corresponding period last year.

As part of the Group’s commitment in improving operational efficiency and effectiveness, the Group has exercised stringent control over operating expenses, excluding depreciation (“OPEX”). During the period, the OPEX were reduced by 9% to HK\$227 million as staff costs and rental charges of offices and shops decreased by 10% and 13% to approximately HK\$90 million and HK\$24 million, respectively.

As at 31 December 2004, the finance costs increased by approximately HK\$8 million, which were mainly due to the interest payments by the Group for a loan from a fellow subsidiary and

the Subscription Note after the Acquisition\*.

As a result of the combined effects of the above, the Group's earning before interest, tax, depreciation and amortization ('EBITDA') and the net profit after tax dropped to HK\$210 million and HK\$56 million, respectively.

"In future, the Group will strengthen its position in the market by further developing roaming services and providing mobile users with pioneering data services that exceed their expectations through GPRS/EDGE network, and also explore new revenue streams including looking for business expansion to overseas mobile communications markets." Dr Wai continues.

### **Business Review**

For the six months ended 31 December 2004, NW Mobile has successfully acquired the NWPCS Group, previously the wholly-owned mobile business unit of New World Development Company Limited ("NWD"). Upon completion of the transactions\* on 6 July 2004, the Company announced the official change of its name to "New World Mobile Holdings Limited" (formerly known as "Asia Logistics Technologies Limited") to reflect the Group's business focus. With effect from 18 August 2004, the stock short name of the Group has been changed to "NW Mobile".

During the period, the aggressive pricing strategy of 3G services and handsets has intensified the already fierce market competition and adversely affected local operators' bottomline notwithstanding the improving economic situation. Even though the market situation was unfavorable, the Group managed to maintain a steady income, thanks to the increasing roaming revenue from mainland tourists as well as the growing revenue from mobile data services and handset sales. Despite the expiration of contract with a mobile virtual network operator in October 2004, the subscriber base of the Group has increased to over 1.3 million by the end of 2004.

The Group has remarkable achievement in exploring new market segments and extending its market reach by using customer segmentation strategy. During the period, the Group leveraged the great potential of the mobile prepaid market by launching various theme-based prepaid SIM cards to different market segments, including *Avenue of Stars Commemorative Stored-value Card* and *Roaming Stored-value Card* for mainland tourists. The Group has further extended its reach to young mobile phone users by enriching the content of its well-received *Star Mobile* and launching the first-ever Disney Character mobile prepaid SIM card *marie Fantasy* in August 2004. On the other hand, the Group has put continued effort in launching various

mobile data services with a view to boosting data revenue. As mobile technology evolves, the Group has successfully introduced many other fascinating mobile communications services in Hong Kong, including the first-ever Push to Talk over Cellular (PoC) service ‘Press ’n Talk’ via its GPRS/EDGE network.

Over the current period, the Group continued to invest in upgrading its network to stay technologically competitive, thereby enlarging its capacity for expansion of its subscriber base in future. In June 2004, the Group signed a USD30 million contract with Nokia for the expansion of its GSM network, including EDGE and Push to Talk over Cellular (PoC). By the end of 2004, the Group had strategically deployed its EDGE network in some high data traffic areas including Yau Tsim Mong, Wan Chai, as well as other major transport routes and business centers. The Group will gradually roll out the service to the areas where there are sufficient market demands.

Operating under the brand name of New World Mobility (‘NWM’), the Group has made significant achievements in marketing its brand equity. In September 2004, NWM launched another large-scale brand campaign to reinforce the message that “New World Mobility is ‘The One For You’ and provides superior mobile services tailored to the needs of individual customer groups”. The successful campaign has brought the Group a Bronze Award in the “2004 HK4As Creative Awards – Best Single TV/Cinema Commercial (Telecommunications)”. With relentless marketing effort, NWM has been widely recognized as a solid, vibrant, innovative and reliable brand. In January 2005, NWM won the “Hong Kong Merchants of Integrity” award with the highest votes in the ‘Telecommunications and Equipments’ category at the Second Hong Kong Merchants of Integrity Award 2004-2005 organized by China’s best-selling newspaper – ‘Guangzhou Daily’.

As a good corporate citizen, the Group actively participates in various community activities. In early 2005, the Group received the “Caring Company Logo 2004/05” from the Hong Kong Council of Social Service.

### **Prospects**

Looking into the future, the Group believes that reliable and innovative data solutions in the next generation of mobile communications services will bring immense potential to its subscribers. The Group has strategically deployed its EDGE network in mid 2004 and is well-positioned to meet future challenges. With the aim of providing superb communications services to Hong Kong mobile users, the Group will put continued effort in upgrading its network quality.

As a dedicated service provider, the Group will continue to excel its customer servicing and provide mobile users with pioneering data services that exceed their expectations. In January 2005, the Company has joined hands with several renowned partners to launch “Video-on-the-move”, allowing users to be the first to enjoy the most up-to-date MV of various pop singers of Emperor Entertainment Group Limited on their mobile phones. The service also enables users to obtain the latest news provided by i-CABLE Communications Limited, and to enjoy fun and interesting cartoon content brought to them by jidousports.

The Group will put immense effort in improving its profitability and bring its shareholders the best return. Amidst intense competition of the mobile communications market, the Group aims at maintaining its level of market share and improving the ARPU by introducing more exciting mobile data services via advanced mobile technologies.

The Group will continue to exercise various measures to contain costs and explore new revenue streams. The Group will also look for business expansion to overseas mobile communications markets.

Despite the latest launch of 3G services in the local market, the Group believes that in partnership with renowned content providers to provide mobile users with innovative data services via its existing GPRS/EDGE network is the most cost-effective way to stay competitive, and is in the best interest of customers and shareholders.

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### **About New World Mobile Holdings Limited**

New World Mobile Holdings Limited (“NW Mobile”, Hong Kong stock code: 0862) is a public company listed in The Stock Exchange of Hong Kong Limited. The Company is principally engaged in offering superior mobile services including voice service and customized data services tailored to the specific needs of individual customer groups via advanced mobile technology. Operating under the brand name of New World Mobility (NWM), the Company has emerged to become a leading mobile operator since its inauguration in 1997. Through the provision of superb quality mobile network and the introduction of various innovative and value-added mobile data services, the operator has further reinforced its position in the marketplace. The Company has deployed the EDGE network in 2004, in preparation for providing customers with the latest and most innovative mobile multimedia services.

The Company believes that reliable and innovative data solutions in the next generation of

mobile services will bring immense potentials for its subscribers. In the future, the Company will continue to devote in offering advanced and pioneering multi-media mobile solutions in order to fulfill and exceed the expectations of mobile users.

The Company's major shareholder is New World Development Company Limited (71.43%, Hong Kong stock code: 0017, [www.nwd.com.hk](http://www.nwd.com.hk) ).

*\*Please refer to the 'Notes to Editors' for detailed information of the Acquisition.*

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## **\* Notes to Editors**

### The Acquisition

On 29 March, 2004, a Sales & Purchase Agreement (“S&P Agreement”) was entered into between New World Telephone Holding (“NWTHL”), a wholly-owned subsidiary of New World Development Company Limited (“NWD”, Hong Kong Stock Code: 0017) and Asia Logistics Technologies Limited (“ALT”, Hong Kong Stock Code: 0862), pursuant to which ALT agreed to purchase and NWTHL, agreed to dispose of the 100% equity interest of New World PCS Holdings Limited and its subsidiaries (collectively, the “NWPCS Group”) from NWTHL for an aggregate cash consideration of HK\$1,250 million.

On the same day, a Subscription Agreement was also entered into between Power Palace Group Limited (“PPG”), a wholly owned subsidiary of NWD, and ALT, pursuant to which PPG agreed to subscribe for:

- (i) 4,166,666,667 Subscription Shares (or 41,666,666 Consolidated ALT Shares) at an issue price of HK\$0.012 per Existing ALT Shares (or HK\$1.2 per Consolidated ALT Share); and
- (ii) the Subscription Note at a principal amount of HK\$1,200 million.

The proceeds received by ALT upon Subscription Completion has been applied for the acquisition of the entire interest in NWPCS under the S&P Agreement.