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

NEW WORLD MOBILE HOLDINGS LIMITED

新 世 界 移 動 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Formerly known as "ASIA LOGISTICS TECHNOLOGIES LIMITED 亞洲物流科技有限公司*")

(Stock Code: 862)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2004

INTERIM RESULTS

The board of directors (the "Board") of New World Mobile Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2004 together with the comparative figures for the corresponding period last year as below. These results relate to the Group's logistics business for the six months ended 30 June 2004 prior to the completion of the acquisition of mobile telecommunications business of New World PCS Holdings Limited and its subsidiaries on 6 July 2004.

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the six months ended 30 June 2004

		Unaudited Six months ended 30 June	
		2004	2003
	Note	***HK$'000***	*HK$'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 9(e) to these condensed accounts.

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 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, together with the supply of related software

Logistics Management — provision of logistics management services

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	2003	**2004**	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'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)

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	2003	**2004**	2003
	HK$'000	*HK$'000*	***HK$'000***	*HK$'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	2003
	HK$'000	*HK$'000*
Crediting		
Interest income	**34**	140
Gain on disposal of trading securities	**518**	—
Charging		
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	2003
	HK$'000	HK$'000
Interest on convertible bond	**423**	585
Interest on finance leases	**—**	9
	423	594

5. Staff costs, excluding directors' emoluments

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

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	2003
	HK$'000	*HK$'000*
Special, proposed, of 213 consolidated NWCB Shares (2003: Nil) per 100 consolidated ordinary share *(Note)*	**38,410**	—

Note:

In a 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 9(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 9(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 has 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

The calculation of basic loss per share are 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 deemed to be in issue during the period, after taking into account the effect of share consolidation as detailed in note 9(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. Subsequent events

Subsequent to 30 June 2004, apart from the distribution of special dividend as mentioned in note 7 above, the Group has 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 New World Development Company Limited ("NWD"), pursuant to which the Company agreed to purchase the 100% equity interest of New World PCS Holdings Limited ("NWPCS") and its subsidiaries (collectively the "NWPCS Group") from NWTHL at an aggregate cash consideration of HK$1,250,000,000. The purchase 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	As at 30 June
	2003	2003
	HK$'000	*HK$'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	Year ended 30 June
	2003	2003
	HK$'000	*HK$'000*
Turnover	**848,061**	1,662,328
Profit attributable to shareholders	**77,497**	188,806

After taking into account the issuance of subscription shares by the Company as mentioned in note (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 that 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.

(b) On 29 March 2004, the Company entered into a 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 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 the effect of the share consolidation as mentioned below), subject to adjustment.

The subscriptions were 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 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Results

For the six months ended 30 June 2004, the Group recorded a turnover of approximately HK$0.4 million, representing an 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 New World PCS Holdings Limited and its subsidiaries 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 shall mature in November 2004 and the bondholder has 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 has 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 New World PCS Holdings Limited, previously a wholly-owned mobile business unit of New World Development Company Limited.

Nevertheless, the results of operation of the mobile business was 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 has 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 of these 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 has 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 has completed the acquisition of 100% equity interest in New World PCS Holdings Limited and its subsidiaries (collectively 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 the provision of superb quality mobile network and the 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 — ***HOMECARE 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 to 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 its brand equity and product innovations. With its relentless marketing efforts, the NWPCS Group 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 had 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 Power Palace Group Limited ("PPG"), a wholly-owned subsidiary of New World Development Company Limited 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 New World CyberBase Limited 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 New World CyberBase Limited 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.

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 (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (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, PricewaterhouseCoopers, have reviewed the unaudited financial statements of the Group for the six months ended 30 June 2004.

PUBLICATION OF DETAILED RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the information of the interim results of the Group for the six months ended 30 June 2004 required by paragraphs 46(1) to 46(6) of Appendix 16 (in force prior to 31 March 2004 and applicable to this announcement under the transitional arrangement) of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board
Dr. Wai Fung Man, Norman
Executive Director and
Chief Executive Officer

Hong Kong, 21 September 2004

* *For identification purpose only*

As at the date of this announcement, the board of directors 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*