



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)

(Stock Code: 862)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2005

RESULTS

The board of directors (“Board”) of New World Mobile Holdings Limited (the “Company”) is pleased to announce the audited results of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 June 2005 together with the comparative figures as follows:

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 June 2005

	Note	30 June 2005 HK\$'000	30 June 2004 HK\$'000
Turnover	3	1,709,054	1,698,744
Cost of sales		(866,113)	(773,224)
Gross profit		842,941	925,520
Other revenue	3	635	115
Selling expenses		(101,468)	(104,506)
Administrative expenses		(598,278)	(614,373)
Operating profit	5	143,830	206,756
Finance costs	6	(29,653)	(6,776)
Profit before taxation		114,177	199,980
Taxation	7	(21,066)	(35,866)
Profit attributable to shareholders		93,111	164,114
Earnings per share			
– Basic	8	HK\$1.18	HK\$3.94
– Diluted	8	HK\$0.07	N/A

CONSOLIDATED BALANCE SHEET

As at 30 June 2005

		As at 30 June 2005 HK\$'000	As at 30 June 2004 HK\$'000
	Note		
Non-current assets			
Fixed assets		1,066,357	1,183,869
Investments in associated companies		–	–
Goodwill		65,996	–
Deferred taxation		167,472	188,487
		<u>1,299,825</u>	<u>1,372,356</u>
Current assets			
Inventories		38,024	29,657
Trade receivables	9	94,015	83,218
Prepayments, other receivables and handset subsidies		76,998	20,637
Rental and other deposits		48,303	44,039
Amounts due from fellow subsidiaries		29	3,098
Amount due from a related company		813	–
Cash and bank balances		116,534	94,444
		<u>374,716</u>	<u>275,093</u>
Current liabilities			
Trade payables	10	108,086	44,305
Accrued charges, deposits received and deferred income		320,935	314,265
Amount due to the ultimate holding company		–	73
Amounts due to fellow subsidiaries		11,132	–
Amount due to a related company		846	–
Current portion of long-term liabilities		102,500	270,000
Promissory note issued to immediate holding company		–	858,000
		<u>543,499</u>	<u>1,486,643</u>
Net current liabilities		<u>(168,783)</u>	<u>(1,211,550)</u>
Total assets less current liabilities		<u>1,131,042</u>	<u>160,806</u>
Representing:			
Capital		300	1
Reserves		(983,921)	(875,287)

Deficit on shareholders' funds	(983,621)	(875,286)
Non-current liabilities		
Non-current portion of long-term liabilities	–	102,500
Amount due to immediate holding company	–	933,592
Loan from a fellow subsidiary	877,500	–
Convertible bond	28,286	–
Subscription note	1,208,877	–
	<u>1,131,042</u>	<u>160,806</u>

NOTES

1 Basis of preparation

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). They have been prepared under the historical cost convention.

On 29 March 2004, the Company (formerly known as Asia Logistics Technologies Limited) entered into a conditional subscription agreement with Power Palace Group Limited (“PPG”), a wholly-owned subsidiary of New World Development Company Limited (“NWD”), pursuant to which PPG agreed to subscribe for:

- (a) 4,166,666,667 shares of newly issued ordinary share of the Company (the “Subscription Shares”, equivalent to 41,666,666 consolidated shares after the share consolidation of the Company on 7 July 2004) at an issue price of HK\$0.012 per Subscription Share; and
- (b) a convertible note (the “Subscription Note”) of a principal amount of HK\$1,200,000,000, unless previously converted, will be repaid by the Company upon its maturity on the business day immediate 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 ordinary shares of the Company at an initial conversion price of HK\$0.012 per share, subject to adjustment. The conversion price was subsequently adjusted to HK\$1.20 per share after the share consolidation of the Company on 7 July 2004.

Both the Subscription Shares and Subscription Note were issued on 6 July 2004.

On 29 March 2004, the Company entered into a conditional sale and purchase agreement (the “S&P 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 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. This transaction (the “Acquisition”) was completed on 6 July 2004 (the “Completion Date”).

Under the generally accepted accounting principles in Hong Kong, the Acquisition, after taking into account the issuance of Subscription Shares, should constitute a reverse acquisition from accounting perspective since NWD has become the controlling shareholder of the Company after the Acquisition. For accounting purposes, NWPCS is regarded as the acquirer while the Company and its subsidiaries before the Acquisition (collectively, the “Logistics Group”) are deemed to have been acquired by NWPCS. As a result, these consolidated accounts have been prepared as a continuation of the consolidated accounts of the NWPCS Group (the “Group”) which has a financial year end date of 30 June, and accordingly:

- (i) the assets and liabilities of the Logistics Group are recognised and recorded at the Completion Date at their fair value (the “Net Fair Value”);
- (ii) the assets and liabilities of the NWPCS Group are recognised and recorded at the Completion Date at their historical carrying values prior to the Acquisition;

- (iii) the purchase consideration is deemed to have been incurred by NWPCS for the Acquisition and is determined by the total fair value of all the issued shares of the Company at the Completion Date (the “Deemed Consideration”);
- (iv) the goodwill arising from the Acquisition is determined at the surplus of the Deemed Consideration over the Net Fair Value;
- (v) the capital and reserves of the Logistics Group upon the Completion Date are eliminated as the pre-acquisition reserves;
- (vi) the consolidated issued equity of the Group as shown in the consolidated balance sheet represents the issued share capital and share premium balances of NWPCS upon the Completion Date, plus all the post-acquisition changes in the issued share capital and premium of the Company, if any. On the other hand, the number and type of issued shares presented represent the actual equity structure of the Company;
- (vii) the difference between the actual consideration paid by the Company for the Acquisition and the Deemed Consideration is transferred to a consolidation reserve of the Group;
- (viii) the comparative information shown in these consolidated accounts is that of the NWPCS Group.

In order to have a coterminous financial year end date with NWD and the NWPCS Group, the Board has resolved on 10 December 2004 that the financial year end date of the Company be changed from 31 December to 30 June. Accordingly, the comparative figures presented for the Company are based on 31 December 2003 audited accounts of the Company.

2 Adoption of Hong Kong Financial Reporting Standard/Changes in Accounting Policies

The HKICPA has issued a number of new and revised Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) (collectively “new HKFRSs”) which are effective for accounting periods beginning on or after 1 January 2005.

With effective from 1 January 2004, the Group has early adopted the following new HKFRSs (the “HKFRS 3 Package”) in the accounts:

HKFRS 3	–	Business Combinations
HKAS 36	–	Impairment of Assets
HKAS 38	–	Intangible Assets

Pursuant to the HKFRS 3 Package, goodwill is tested annually for impairment and is not subject to amortisation. The Group had not incurred any goodwill before 1 January 2004 and so there is no effect on opening balances by the early adoption of the HKFRS 3 Package.

The early adoption of the HKFRS 3 Package has the following impacts to the Group for the current year:

	30 June 2005 HK\$’000
Decrease in administrative expenses	3,255
Increase in profit attributable to shareholders	3,255
Increase in basic earnings per share	HK\$0.04

There is no material impact on diluted earnings per share.

	As at 30 June 2005 HK\$’000
Increase in goodwill	3,255
Increase in retained earnings	3,255

The early adoption of the HKFRS 3 Package does not have any other significant impacts on the accounting policies of the Group.

The Group has not early adopted other new HKFRSs except for the HKFRS 3 Package. The Group is in the process of making an assessment of the impact of these new HKFRSs and has so far concluded that the more significant differences between new HKFRSs and current accounting policies that are expected to affect the Group would be the adoption of HKAS 32 “Financial Instruments: Disclosures and Presentation” and HKAS 39 “Financial Instruments: Recognition and Measurement”.

The adoption of HKAS 32 and HKAS 39 would result in a change in accounting policy for recognition, measurement, derecognition and disclosure of financial instruments. Under the new accounting policy, convertible bond and subscription note issued will be split into the liability and equity components at initial recognition by recognising the liability component at its fair value and attributing to the equity component the difference between the proceeds from the issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the reserve until the bond or note is converted or redeemed. This new accounting policy will be applied retrospectively.

The Group will be continuing with the assessment of the impact of the other new HKFRSs and other significant changes may be identified as a result.

3 Turnover and revenue

The Group principally engages in the provision of mobile communications services and the sales of mobile handsets and accessories. Revenues recognised during the year are as follow:

	30 June 2005 HK\$'000	30 June 2004 <i>HK\$'000</i>
Turnover		
Mobile communications services	1,318,337	1,441,984
Sales of mobile handsets and accessories	386,456	256,760
Logistics services	4,261	–
	1,709,054	1,698,744
Other revenue		
Bank interest income	635	115
	1,709,689	1,698,859

4 Segment reporting

For the years ended 30 June 2004 and 30 June 2005, more than 90% of the Group’s turnover and operating profit were attributable to its mobile communications operations in Hong Kong. Accordingly, no analysis by either business or geographical segment is included in these accounts.

5 Operating profit

Operating profit is stated after crediting and charging the following:

	30 June 2005 HK\$'000	30 June 2004 HK\$'000
<u>Crediting</u>		
Net exchange gains	114	89
Gain on disposal of trading securities	100	–
Gain on disposal of investment securities	2,089	–
Reversal of write down of inventories	481	–
	<u>2,784</u>	<u>99</u>
<u>Charging</u>		
Auditors' remuneration	1,182	270
Cost of inventories sold	388,882	261,760
Depreciation of fixed assets	258,835	252,250
Loss on disposal of fixed assets	2,328	3,690
Operating lease rentals for land and buildings	47,441	52,127
Operating lease rentals for switching and office equipment	–	9
Operating lease rentals for transmission sites	158,059	171,869
Provision for bad and doubtful debts	11,494	12,153
Staff costs, including directors' emoluments	171,065	188,384
	<u>1,030,846</u>	<u>1,050,412</u>

6 Finance costs

	30 June 2005 HK\$'000	30 June 2004 HK\$'000
Interest on secured long-term bank loan	3,701	6,776
Interest on loan from a fellow subsidiary	16,226	–
Interest on subscription note	8,877	–
Interest on convertible bond	849	–
	<u>29,653</u>	<u>6,776</u>

7 Taxation

No provision for Hong Kong profits tax and overseas taxation has been made for the year as the Group has sufficient tax losses brought forward to offset the estimated assessable profit for the year (30 June 2004: Nil).

The amount of taxation charged to the consolidated profit and loss account for the year represents:

	30 June 2005 HK\$'000	30 June 2004 HK\$'000
Current taxation:		
– Under provisions in prior years	51	–
Deferred taxation relating to the origination and reversal of temporary differences	21,015	35,866
	<u>21,066</u>	<u>35,866</u>
Taxation charge	<u>21,066</u>	<u>35,866</u>

8 Earnings per share

The calculations of basic and diluted earnings per share based on the share capital of the Company are as follows:

	30 June 2005	30 June 2004
Profit attributable to shareholders for purpose of calculating basic earnings per share (<i>HK\$'000</i>)	93,111	164,114
Increase in net profit for deemed conversion of potential ordinary shares (<i>HK\$'000</i>)	9,725	–
	<u>102,836</u>	<u>164,114</u>
Adjusted profit for the purpose of calculating dilutive earnings per share (<i>HK\$'000</i>)	<u>102,836</u>	<u>164,114</u>

Number of shares (*note a*)

Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (<i>note b</i>)	78,668,311	41,666,666
Effect of dilutive potential ordinary shares	1,454,310,168	–
	<u>1,532,978,479</u>	<u>41,666,666</u>
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	<u>1,532,978,479</u>	<u>41,666,666</u>

Notes:

- The weighted average number of ordinary shares for the purpose of calculating the earnings per share have been adjusted retrospectively for the one hundred-to-one share consolidation of the Company which took place on 7 July 2004.
- Under the reverse acquisition method of accounting, the 4,166,666,667 Subscription Shares issued by the Company to PPG to effect the Acquisition described in Note 1 are deemed to be in issue throughout the period prescribed for the purpose of calculating the earnings per share.
- For the year ended 30 June 2004, no diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

9 Trade receivables

The Group allows an average credit period of thirty days to its subscribers and other customers. The ageing analysis of trade receivables is as follows:

	As at 30 June 2005 <i>HK\$'000</i>	As at 30 June 2004 <i>HK\$'000</i>
1-30 days	71,091	60,066
31-60 days	13,455	14,015
61-90 days	9,469	4,776
Over 90 days	–	4,361
	<u>94,015</u>	<u>83,218</u>

10 Trade payables

The ageing analysis of the trade payables is as follows:

	As at 30 June 2005 HK\$'000	As at 30 June 2004 HK\$'000
1-30 days	62,013	19,651
31-60 days	26,100	6,473
61-90 days	2,345	3,692
Over 90 days	17,628	14,489
	<u>108,086</u>	<u>44,305</u>

11 Subsequent events

On 12 September 2005, the Company entered into a conditional sale and purchase agreement with New World CyberBase Limited ("NWC"). Pursuant to the agreement, the Company agreed to acquire and NWC agreed to dispose of the entire issued share capital of New World CyberBase Solutions (BVI) Limited ("NWCBVI") and interest of NWC in the interest-free shareholder's loan due from NWCBVI for an aggregate consideration of HK\$21 million. The consideration will be satisfied by the issue of 16,153,846 ordinary shares at an issued price of HK\$1.3 per share by the Company to NWC.

12 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

DIVIDENDS

No interim dividend was paid in respect of the year ended 30 June 2005 (2004: Nil) and the Board does not recommend the payment of any final dividend for the year (2004: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Change of Financial Year End

On 6 July 2004, the Company completed the Acquisition of the NWPCS Group. The details of this transaction have been set out in Note 1 to the consolidated accounts. Since then, the Group mainly engages in offering a host of quality mobile communications services in Hong Kong, including voice services and customized data services tailored to the specific needs of individual customer groups, via advanced mobile technologies.

The Acquisition constitutes a reverse acquisition from accounting perspective and therefore the comparative financial information presented in these accounts represents that of the NWPCS Group, which has a financial year end date of 30 June.

In order to conform to the financial year end date of its ultimate holding company and the NWPCS Group, the Company has changed its financial year end date from 31 December to 30 June. Accordingly, the financial period of the Company under review in the upcoming Annual Report covered the eighteen months from 1 January 2004 to 30 June 2005.

Summary of the financial review representing the Group's result covered the period from 1 July 2004 to 30 June 2005.

Financial Review

For the year ended 30 June 2005, the Group's consolidated turnover slightly increased by HK\$10 million to approximately HK\$1,709 million (2003/04: HK\$1,699 million). The turnover of the Group was mainly contributed by mobile communications services revenue and sales of handsets and accessories.

Mobile communications services revenue for the year amounted to approximately HK\$1,318 million (2003/04: HK\$1,442 million), representing 8.6% decrease. The decline was mainly attributable to aggressive price promotions offered by the mobile service operators and severe competition on tariff. As a result, the post-paid average revenue per user ("ARPU") dropped from HK\$180 in last year to HK\$170 in current year. However, the Group continued to excel in customer servicing and providing mobile users with pioneering data services to maintain its competitiveness during the year. The Group was successful in maintaining the churn rate at 3.6% (2003/04: 3.3%).

Revenue from sales of mobile handsets and accessories for the year was approximately HK\$386 million, representing 50% surge as compared with HK\$257 million for last year. This was achieved by offering various "free handset" promotional offers and a wide range of handset models with advance features to our customers during the year.

The cost of goods sold and services provided was approximately HK\$866 million, representing an increase of HK\$93 million as compared with last year (2003/04: HK\$773 million). The increase was a direct result of the corresponding increase in handset sales.

The gross profit margin of the Group was 49% for current year (2003/04: 54%). The decrease was mainly due to relatively low gross profit margin of mobile handsets and accessories sales and the decline of ARPU.

The Group continues to enhance operating efficiency, resulting in a lower operating expense, excluding depreciation and amortization charge ("OPEX"). The OPEX was reduced by 5.6% to HK\$441 million (2003/04: HK\$467 million).

The Group's earning before interest, tax, depreciation and amortization ("EBITDA") for the current year dropped to HK\$403 million (2003/04: HK\$459 million).

Finance costs for the year increased to HK\$30 million (2003/04: HK\$7 million). The increase was mainly due to the interest payments by the Group for a loan from a fellow subsidiary, the Subscription Note and a convertible bond ("Convertible Bond") arose as a result of the Acquisition. Increase in HIBOR was also a substantial factor for the increase in finance costs.

As a result of the combined effects of the above, the Group's profit attributable to shareholders dropped to HK\$93 million (2003/04: HK\$164 million).

Capital Structure, Liquidity and Financial Resources

For financing the Acquisition, the Company has issued Subscription Shares and Subscription Note at considerations of HK\$50 million and HK\$1,200 million, respectively, in July 2004.

Apart from the Subscription Note, the total borrowings of the Group as at 30 June 2005 was approximately HK\$1,009 million (30 June 2004: HK\$2,164 million). The total borrowings mainly comprised a loan from New World Finance Company Limited ("NWF") of HK\$878 million, the Convertible Bond of HK\$28 million, and a bank loan of HK\$103 million. All these borrowings are denominated in Hong Kong dollars and bear interest at HIBOR + 0.65%, 3% and HIBOR + 0.65%, respectively.

The loan from NWF is repayable on demand after 29 September 2006. The maturity date for the Convertible Bond is in November 2007. The bank loan outstanding is scheduled to be fully repaid in October 2005.

As most of the borrowings of the Group including the Subscription Note as at 30 June 2005 are regarded as shareholders' loans, the gearing ratio of the Group calculated thereon is considered to be misleading and so not presented in this herein.

As at 30 June 2005, the Group's cash and bank balances amounted to approximately HK\$117 million (30 June 2004: HK\$94 million).

The Group's net cash inflow from operating activities reduced by HK\$14 million to HK\$396 million (2003/04: HK\$410 million).

As at 30 June 2005, none of the assets held by the Group were pledged to other parties (30 June 2004: Nil).

Capital expenditure of the Group amounted to HK\$141 million for the year (2003/04: HK\$154 million). Capital expenditure was mainly for the ongoing enhancements in the service quality, coverage of the mobile network, and purchase of hardware and software for multimedia services provisioning.

The Group adopts a conservative and balanced treasury policy. Any surplus funds placed as deposit with banks in Hong Kong are maintained in Hong Kong dollars.

The functional currency of the Group is Hong Kong dollar. The Group's business transactions, monetary assets and liabilities are mainly denominated in Hong Kong dollar. The Group does not therefore have any significant exposure to foreign currency gains and losses. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group does not conduct any foreign currency speculative activities.

As at 30 June 2005, the Group had obtained bank guarantees in lieu of deposits of HK\$9 million (30 June 2004: HK\$9 million) in aggregate.

Employees and Remuneration Policy

As at 30 June 2005, the Group had a total of 662 employees (30 June 2004: 706). The Group's remuneration policy is to pay salaries that are competitive in the industry, in a way that will be motivational, fair and equitable, and that are dependent on individual and company performance. Apart from salaries, the Group also provides other fringe benefits to employees, which include provident fund schemes, medical insurance and bonus on performance basis.

Review of Results

Goes Public

For the year ended 30 June 2005, the Company has successfully acquired the NWPCS Group, previously the wholly-owned mobile business unit of NWD. Upon completion of the transaction 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 re-directions of the Group's business focus. With effect from 18 August 2004, the stock short name of the Company was changed to "NW Mobile".

Market Challenges

During the year, the emergence of 3G services in the local mobile market posed a great challenge to the Company as well as other market players. The aggressive pricing strategy of 3G services and handsets has intensified the severe market competition and hit operators' bottom line. The Group managed to achieve steady income by the consistent growth in roaming revenue, mobile data revenue and handset sales.

Consistent Growth in Subscriber Base

As of 30 June 2005, the subscriber base of the Group surged to 1,350,000, representing a growth of 8% as compared with last year. The substantial growth has utilized the leftover network capacity and made up for the loss of subscribers due to the termination of a Mobile Virtual Network Operator (MVNO) contract in early October 2004.

Innovative Mobile Data Services

The Company succeeded in exploring new market segments and extending its market reach by using the unique customer segmentation strategy. During the period, the Company leveraged the great potential of the mobile prepaid market by launching various theme-based prepaid SIM cards to different market segments, including *U-Save Mobile Stored-value card* for Filipinos and Indonesians. The Company has extended its reach to 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* in conjunction with the Walt Disney Internet Group (Disney) in August 2004. In July 2005, NWM has introduced another exciting multimedia service *HEA Mobile* that features the popular comic character "Fu Wing" of the "Gi Si Goo Bi Family" to attract young mobile users.

On the other hand, the Company has put continued effort in launching various mobile data services with a view to boosting data revenue. As mobile technology evolves, the Company 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. In January 2005, the Company joined hands with several renowned suppliers 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 via their mobile phones. The service also enables users to obtain the latest local, international, entertainment, financial, weather and traffic news provided by i-CABLE Communications Limited, and to enjoy a fun and interesting cartoon content brought to them by jidousports. The Company continues to enrich its service content by introducing many other exciting features, such as "China Info", "Miss Korean's Diary", "Shanghai Dialect" and "Chinese Astrology".

Superior Network Quality

Over the year, HK\$141 million has been invested in upgrading our network in a bid to stay technologically competitive as well as enlarge our network capacity for the expanding subscriber base. In the last quarter of 2004, the Company has strategically deployed its EDGE network in some high data traffic areas as well as other major transport routes and business centers, and will gradually roll out the service to the areas where there are strong market demands.

Brand Success

Throughout the past few years, the Group has put continued effort in reinforcing its brand positioning. In September 2004, the Company has launched an extensive 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". At the Second Hong Kong Merchants of Integrity Award 2004/2005 organized by China's best-selling newspaper – 'Guangzhou Daily', the Company won the "*Hong Kong Merchant of Integrity*" award with the highest votes in the 'Telecommunications and Equipments' category.

We have also demonstrated our strong commitments to becoming a good corporate citizen by actively participating in various community activities. In early 2005, the Company received the “Caring Company Logo 2004/2005” from The Hong Kong Council of Social Service.

What’s more, we have received numerous awards for “The One For You” brand campaign, including *Bronze Award in the 2004 HK4As Creative Awards – Best Single TV/Cinema Commercial (Telecommunications)*; *“The Most Extraordinary Talent Award” of The 11th Annual Most Popular TV Commercial Awards* from ATV for the “Connecting Tone – Desire” TVC version; the *“Print Ad Award 2004”* from Metro HK and the *“Best TV Commercial” category in The GSM Association Awards 2005* for the “Press ’n Talk – Brotherhood” version; and last but not least, the *Silver Award in the Telecommunications category of the 2005 EFFIE Award* organized by the New York American Marketing Association.

In April 2005, the Company also received the *“Reader’s Digest SuperBrand 2005” – Gold Award*.

Outlook

We believe that reliable and innovative data solutions and services in mobile communications services will bring immense potential to our subscribers. As part of our ongoing strategy, we will add excitement to the mobile market by introducing pioneering mobile data services that exceed market expectations as well as customer needs. The Group will continue to explore the prepaid market and expand its reach to mobile youth and other market segments that show great potential.

Before we see any genuine and substantial market needs for 3G services, we believe that co-operation with renowned content providers to provide customers with innovative data services via our existing 2.5/2.75G network remains the most cost-effective way to stay competitive and is in the best interest of our customers and shareholders.

At the same time when we continue to exercise various measures to contain costs, the Group is keen to explore new revenue streams and business opportunities. Expanding business to overseas mobile market has become an integral part of the Company’s long-term business strategy. In August 2005, the Company, in conjunction with Linktone, a leading provider of interactive entertainment products and services to consumers in China, introduce “移動追星” – the mainland version of the Company’s renowned mobile entertainment service “*Star Mobile*” to China allowing mainland mobile users to get close to Hong Kong pop stars. On the other hand, in order to enable the Group to participate in the mobile Internet service market in Mainland China, the Company has entered into a conditional Sales and Purchase Agreement with NWC on 12 September 2005 to purchase the entire issued share capital of its subsidiary, NWCBVI.

Acknowledgement

Finally, the Company would like to take this opportunity to express gratitude to our valued customers, shareholders and business partners for their continual support, and to all colleagues for their hard work and devotion to the Company.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 November 2005 to Tuesday, 29 November 2005, both dates inclusive, during which period no transfer of shares will be effected.

In order to determine the entitlement to attend and vote at the forthcoming annual general meeting, all share transfers accompanied by the relevant share certificates, must be lodged with the branch share registrars of the Company in Hong Kong, Abacus Share Registrars Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration no later than 4:00 p.m. on Monday, 21 November 2005.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

CORPORATE GOVERNANCE

In December 2004, The Stock Exchange of Hong Kong Limited (the "Stock Exchange") promulgated a new Code on Corporate Governance Practices (the "CGP Code") which replaced the Code of Best Practice ("Code of Best Practice") in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Except for those relating to internal controls which apply to accounting periods commencing on or after 1 July 2005, the CGP Code is applicable to accounting periods commencing on or after 1 January 2005. On the other hand, the Code of Best Practice remains applicable to the financial period commencing before 1 January 2005.

Throughout the period, the Company complied with the Code of Best Practice, 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.

The Company has adopted its own code of conduct regarding securities transactions by directors and employees who are likely to be in possession of unpublished price sensitive information of the Company on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Companies in Appendix 10 of the Listing Rules.

Having made specific enquiry by the Company, all directors have confirmed that they have complied with the required standard set out in such code of conduct throughout the period.

AUDIT COMMITTEE

The audit committee, which comprises the three independent non-executive directors of the Company, namely Mr. Hui Chiu Chung, *JP*, Mr. Kwong Che Keung, Gordon and Mr. Wei Chi Kuan, Kenny, has reviewed the audited financial statements of the Group for the financial year ended 30 June 2005.

CHANGE OF COMPANY SECRETARY

The Board announces that Ms. Ho Pui Sin, Saphina has resigned as the Secretary and ceased to be an authorized representative of the Company under Rule 3.05 of the Listing Rules with effect from 5 October 2005. Ms. Ho has confirmed that there is no disagreement with the Board and that there is no other matter relating to her resignation that needs to be brought to the attention of the shareholders of the Company.

The Board further announces that Mr. Sien Yun Man, Raymond has been appointed the Secretary and an authorized representative of the Company with effect from 5 October 2005.

BOARD MEMBERS

As at the date of this announcement, the Board of the Company comprises (i) five executive directors namely Dr. Cheng Kar Shun, Henry, Mr. Chow Yu Chun, Alexander, Mr. Doo Wai Hoi, William, *JP*, Mr. To Hin Tsun, Gerald and Dr. Wai Fung Man, Norman; (ii) two non-executive directors namely Mr. Ho Hau Chong, Norman and Mr. Lo Lin Shing, Simon; and (iii) three independent non-executive directors namely Mr. Hui Chiu Chung, *JP*, Mr. Kwong Che Keung, Gordon and Mr. Wei Chi Kuan, Kenny.

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

Hong Kong, 5 October 2005

“Please also refer to the published version of this announcement in The Standard”