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

NEW WORLD MOBILE HOLDINGS LIMITED
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(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 862)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30 JUNE 2006

RESULTS

The board of directors (the "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 2006 together with the comparative figures as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2006

	Note	**30 June 2006** *HK$'000*	30 June 2005 *HK$'000* As restated
Continuing operations:			
Turnover	*3*	**16,515**	4,261
Cost of sales	*8*	**(4,842)**	(1,330)
Gross profit		**11,673**	2,931
Other revenue	*6*	**823**	108
Other net (charge)/income	*7*	**(65,436)**	942
Selling expenses	*8*	**(9,775)**	(290)
Administrative expenses	*8*	**(35,797)**	(5,993)
Operating loss before finance costs		**(98,512)**	(2,302)
Finance costs	*9*	**(62,786)**	(44,739)
Operating loss		**(161,298)**	(47,041)
Share of results of associated companies		**27,731**	–
Loss before taxation		**(133,567)**	(47,041)
Taxation	*10*	**–**	(51)
Loss from continuing operations		**(133,567)**	(47,092)
Discontinued operations:			
Profit from discontinued operations	5	**1,045,209**	36,693
Profit/(loss) attributable to shareholders		**911,642**	(10,399)
Basic earnings/(loss) per share			
– Continuing operations	*11*	**(HK$1.48)**	(HK$0.60)
– Discontinued operations	*11*	**HK$11.56**	HK$0.47
		HK$10.08	(HK$0.13)
Diluted earnings/(loss) per share	*11*	**N/A**	N/A

CONSOLIDATED BALANCE SHEET

As at 30 June 2006

	Note	**2006**	2005
		HK$'000	*HK$'000*
			As restated
ASSETS			
Non-current assets			
Property, plant and equipment		**6,183**	1,068,301
Investments in associated companies		**2,142,737**	–
Intangible assets		**–**	65,964
Deferred taxation		**–**	167,472
Rental and other deposits		**–**	8,882
		2,148,920	1,310,619
Current assets			
Inventories		**–**	38,024
Trade receivables	*12*	**4,266**	94,015
Prepayments, deposits and other receivables		**1,368**	42,112
Rental and other deposits		**–**	39,421
Amounts due from fellow subsidiaries		**–**	29
Amount due from an associated company		**113,328**	–
Amount due from a related company		**813**	813
Cash and bank balances		**27,691**	116,534
		147,466	330,948
Total assets		**2,296,386**	1,641,567
EQUITY			
Capital and reserves attributable to the Group's equity holders			
Share capital		**16,154**	300
Other reserves		**(82,905)**	(88,051)
Accumulated losses		**(30,538)**	(942,180)
Deficit on shareholders' funds		**(97,289)**	(1,029,931)

	Note	2006 HK$'000	2005 HK$'000 As restated
LIABILITIES			
Non-current liabilities			
Loans from a fellow subsidiary		**278,024**	877,500
Promissory note issued to a fellow subsidiary		**886,749**	–
Convertible bond		**28,261**	28,250
Subscription note		**1,178,008**	1,131,199
Asset retirement obligations		**–**	6,529
		2,371,042	2,043,478
Current liabilities			
Trade payables	*13*	**809**	108,086
Accrued charges, other payables, deposits received and deferred income		**15,779**	405,456
Amounts due to fellow subsidiaries		**420**	11,132
Amount due to an associated company		**5,625**	–
Amount due to a related company		**–**	846
Bank loan		**–**	102,500
		22,633	628,020
Total liabilities		**2,393,675**	2,671,498
Total equity and liabilities		**2,296,386**	1,641,567
Net current assets/(liabilities)		**124,833**	(297,072)
Total assets less current liabilities		**2,273,753**	1,013,547

NOTES

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and financial liabilities at fair values.

On 29 March 2004, the Company, formerly known as Asia Logistics Technologies Limited ("ALT"), 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, representing the closing price of the last trading day of the ALT shares prior to suspension; 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.

The fair values of the liability component and the equity component of the Subscription Note were determined at issuance of the Subscription Note.

The fair value of the liability component, included in non-current liabilities, was calculated using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of equity component, is included in shareholders' equity in other reserves net of deferred income taxes, if any.

The fair value of the liability component of the Subscription Note as at 30 June 2006 approximated its carrying value.

Interest expenses on the Subscription Note are calculated using the effective interest method by applying the effective interest rate of 4.1% per annum (2005: 4.1%) to the liability component.

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 Holdings") and its subsidiaries (collectively, the "NWPCS Group") from NWTHL at an aggregate cash consideration of HK$1,250,000,000. This transaction (the "Reverse Acquisition") was completed on 6 July 2004 (the "Completion Date").

Under the generally accepted accounting principles in Hong Kong, the Reverse 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 Reverse Acquisition. For accounting purposes, NWPCS Holdings is regarded as the acquirer while the Company and its subsidiaries before the Reverse Acquisition (collectively, the "Logistics Group") are deemed to have been acquired by NWPCS Holdings. As a result, these consolidated financial statements have been prepared as a continuation of the consolidated financial statements of the NWPCS 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 values (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 Reverse Acquisition;

(iii) the purchase consideration is deemed to have been incurred by NWPCS Holdings for the Reverse 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 Reverse Acquisition is determined by 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 Holdings upon the Completion Date, plus all the post-acquisition changes in the issued share capital and share 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; and

(vii) the difference between the actual consideration paid by the Company for the Reverse Acquisition and the Deemed Consideration is transferred to a consolidation reserve of the Group.

2. Changes in accounting policies

(a) The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised standards and interpretations of HKFRS (collectively "new HKFRSs") below which are effective for accounting periods beginning on or after 1 January 2005.

From 1 July 2005, the Group adopted the HKFRSs below, which are relevant to its operations. The 2005 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 21	The Effects of Changes in Foreign Exchange rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments Disclosure and Presentation
HKAS 33	Earnings per Share
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKAS 40	Investment Properties
HKAS Int 15	Operating Leases – Incentives
HKFRS 2	Share-based Payments
HKFRS 5	Non-current Assets Held for Sale and Discontinued Operations

The adoption of HKASs 1, 2, 7, 8, 10, 17, 21, 23, 24, 27, 28, 33 and HKAS-Int 15 did not result in substantial changes to the Group's accounting policies. In summary:

- HKAS 1 has affected certain presentation in the financial statements.
- HKASs 2, 7, 8, 10, 17, 23, 27, 28, 33 and HKAS-Int 15 had no material effect on the Group's policies.
- HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard. All the Group entities have the same functional currency as the presentation currency for respective entity financial statements.
- HKAS 24 has affected the identification of related parties and certain other related-party disclosures.

The adoption of HKAS 16 has resulted in a change in accounting policy of which the costs of property, plant and equipment include the estimated obligations which arise from future reinstatement of leased properties.

The adoption of HKASs 32, 39 and 39 (Amendment) has resulted in a change in accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. Furthermore, the convertible bond and subscription note issued are 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 convertible bond or subscription note is converted or redeemed. In prior years, the convertible bond and subscription note were recognised as liabilities only.

The adoption of revised HKAS 40 has resulted in a change in the accounting policy of which the changes in fair values are recorded in the income statement as part of other income. Prior to the adoption of the standard, the increases in fair value, if any, would be credited to the investment properties revaluation reserves. Decrease in fair value was first set off against increases recognised in investment properties revaluation reserves on earlier valuations on a portfolio basis and thereafter expensed in the income statement.

The adoption of HKFRS 2 has resulted in a change in accounting policy for share-based payments. Until 30 June 2006, the provision of share options to employees did not result in an expense in the income statement. Effective on 1 July 2005, the Group expenses the cost of share options in the income statement. As a transitional provision, the cost of share options granted after 7 November 2002 and had not yet vested on 1 July 2005 was expensed retrospectively in the income statement of respective periods.

The adoption of HKFRS 5 has resulted in a change in accounting policy for discontinued operations. An operation is classified as discontinued when the criteria to be classified as "held for sale" have been met or the Group has disposed of the operation. The application of HKFRS 5 does not impact on the prior year financial statements other than a change in the presentation of the results and cash flows of the discontinued operations.

All changes in the accounting policies have been made in accordance with the transitional provisions in the respective standards, whenever applicable. All standards adopted by the Group require retrospective application other than:

– HKAS 39 – does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis. The adjustments required for the accounting differences between SSAP 24 and HKAS 39 are determined and recognised at 1 July 2005.

– HKFRS 2 – only retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 July 2005.

	Year ended 30 June 2006			
	HKFRS 5	HKAS 16	HKAS 32 & 39	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reclassified turnover to discontinued operations	(1,402,827)	–	–	(1,402,827)
Reclassified cost of sales to discontinued operations	836,095	–	–	836,095
Reclassified other revenue to discontinued operations	(716)	–	–	(716)
Reclassified other net income to discontinued operations	(1,022,434)	–	–	(1,022,434)
Reclassified selling expenses to discontinued operations	85,313	–	–	85,313
Reclassified administrative expenses to discontinued operations	420,168	–	–	420,168
Reclassified finance costs to discontinued operations	34,319	–	–	34,319
Reclassified taxation to discontinued operations	4,873	–	–	4,873
Net results reclassified as profit from discontinued operations	1,045,209	–	–	1,045,209
Increase in gain on disposal of subsidiaries	–	3,945	–	3,945
Decrease in impairment loss on intangible asset (goodwill)	–	–	32	32
Increase in administrative expenses	–	(90)	–	(90)
Increase in finance costs	–	(489)	(37,820)	(38,309)
Increase/(decrease) in profit for the year	–	3,366	(37,788)	(34,422)
Increase/(decrease) in basic earnings per share	HK$0.00	HK$0.04	(HK$0.42)	(HK$0.38)

	As at 30 June 2006			
	HKFRS 5	HKAS 16	HKAS 32 & 39	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Decrease in investments in associated companies	–	(1,219)	–	(1,219)
Decrease in subscription note	–	–	39,869	39,869
Decrease in convertible bond	–	–	25	25
(Decrease)/increase in net assets	–	(1,219)	39,894	38,675
Increase in other reserves	–	–	112,695	112,695
Increase in accumulated losses	–	(1,219)	(72,801)	(74,020)
(Decrease)/increase in equity	–	(1,219)	39,894	38,675

	Year ended 30 June 2005			
	HKFRS 5	HKAS 16	HKAS 32 & 39	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Reclassified turnover to discontinued operations	(1,662,873)	–	–	(1,662,873)
Reclassified cost of sales to discontinued operations	890,316	–	–	890,316
Reclassified other revenue to discontinued operations	(527)	–	–	(527)
Reclassified other charge to discontinued operations	1,081	–	–	1,081
Reclassified selling expenses to discontinued operations	101,178	–	–	101,178
Reclassified administrative expenses to discontinued operations	592,569	–	–	592,569
Reclassified finance costs to discontinued operations	20,548	–	–	20,548
Reclassified taxation to discontinued operations	21,015	–	–	21,015
Net results reclassified as profit from discontinued operations	36,693	–	–	36,693
Increase in administrative expenses	–	(423)	–	(423)
Increase in finance costs	–	(621)	(35,013)	(35,634)
Increase in loss for the year	–	(1,044)	(35,013)	(36,057)
Decrease/(increase) in basic loss per share	HK$0.00	(HK$0.01)	(HK$0.45)	(HK$0.46)

	As at 30 June 2005			
	HKFRS 5	HKAS 16	HKAS 32 & 39	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Decrease in intangible assets	–	–	(32)	(32)
Increase in property, plant and equipment	–	1,944	–	1,944
Increase in rental and other deposits (non-current)	–	–	8,882	8,882
Decrease in rental and other deposits (current)	–	–	(8,882)	(8,882)
Decrease in subscription note	–	–	77,678	77,678
Decrease in convertible bond	–	–	36	36
Increase in asset retirement obligations	–	(6,529)	–	(6,529)
(Decrease)/increase in net assets	–	(4,585)	77,682	73,097
Increase in other reserves	–	–	112,695	112,695
Increase in accumulated losses	–	(4,585)	(35,013)	(39,598)
(Decrease)/increase in equity	–	(4,585)	77,682	73,097

(b) In prior years, when handset and mobile subscription services were sold at a package with handset subsidies offered to customers, consideration would be allocated to handset sales and mobile subscription service using the relative fair value model. Accordingly, the portion allocated to handset sales was recognised as sales upon delivery of goods, and the remaining amount allocated to mobile subscription services was amortised on a straight-line basis over the contract period. Handset subsidies were capitalized and amortised on a straight-line basis over the same contract period.

During the year, the Group changed its accounting policy to expense handset subsidies as incurred. The directors consider that the new accounting policy involves less subjective judgment and estimates. The financial impact has been restated retrospectively.

	Year ended 30 June	
	2006	2005
	HK$'000	*HK$'000*
Increase/(decrease) in turnover of discontinued operations	**3,327**	(41,920)
Increase in cost of sales of discontinued operations	**(16,514)**	(25,533)
Increase in gain on disposal of subsidiaries constituting discontinued operations	**101,302**	–
Increase in profit/(loss) for the year	**88,115**	(67,453)
Basic earnings/(loss) per share	**HK$0.97**	(HK$0.86)

	As at 30 June	
	2006	2005
	HK$'000	*HK$'000*
Decrease in handset subsidies	**–**	(34,886)
Increase in accrued charges, other payables, deposits received and deferred income	**–**	(84,521)
Decrease in investments in associated companies	**(31,292)**	–
Decrease in net assets	**(31,292)**	(119,407)
Increase in accumulated losses	**(31,292)**	(119,407)

3. Turnover

The Group is principally engaged in the provision of mobile communications services, the sales of mobile handsets and accessories and the provision of technology related services. The Group has ceased the provision of mobile communications services and the sale of mobile handsets and accessories following the disposal of subsidiaries as set out in Note 5. Revenues from the provision of mobile communications services and the sales of mobile handsets and accessories recognised during the year up to the date of disposal of the subsidiaries are set out in Note 5. Revenues from continuing operations recognised during the year are as follows:

	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
		As restated
Technology related services	**16,381**	–
Gross rental income from an investment property	**134**	–
Logistics services	**–**	4,261
	16,515	4,261

4. Segment reporting

(a) Primary reporting format – business segments

For the year ended 30 June 2006, the business segments include:

– technology related services; and

– mobile communications services.

The segment results for the year ended 30 June 2006 are as follows:

	Technology related services *HK$'000*	Continuing Mobile communications services *HK$'000*	Total *HK$'000*	Discontinued Mobile communications services *HK$'000*
Turnover	16,515	–	16,515	1,402,827
Segment results	(14,759)	–	(14,759)	60,706
Other revenue			823	716
Other net (charge)/income	(72,959)	–	(72,959)	1,022,979
Other net income – unallocated			7,523	–
Unallocated corporate expenses			(19,140)	–
Operating (loss)/profit			(98,512)	1,084,401
Finance costs			(62,786)	(34,319)
Operating (loss)/profit			(161,298)	1,050,082
Share of results of associated companies	–	27,731	27,731	–
(Loss)/profit before taxation			(133,567)	1,050,082
Taxation			–	(4,873)
(Loss)/profit for the year			(133,567)	1,045,209
Depreciation	(867)	–	(867)	(198,703)
Unallocated depreciation			(129)	–
			(996)	(198,703)
Capital expenditures	86	–	86	97,354
(Impairment loss)/reversal of impairment of				
– intangible assets	(72,959)	–	(72,959)	–
– investments in associated companies			7,523	–
– trade receivables	(215)	–	(215)	(8,706)
			(65,651)	(8,706)

The turnover and operating loss before finance costs derived from the Group's operation in logistics services constituted less than 10% of the Group's turnover and operating loss before finance costs, therefore, the logistics services business segment ceased to be a reportable segment.

The segment results for the year ended 30 June 2005 are as follows:

	Continuing		Discontinued
	Logistics services *HK$'000*	Total *HK$'000*	Mobile communications services *HK$'000*
Turnover	4,261	4,261	1,662,873
Segment results	(1,246)	(1,246)	77,729
Other revenue		108	527
Other net income		2,189	–
Unallocated corporate expenses		(3,353)	–
Operating (loss)/profit		(2,302)	78,256
Finance costs		(44,739)	(20,548)
(Loss)/profit before taxation		(47,041)	57,708
Taxation		(51)	(21,015)
(Loss)/profit for the year		(47,092)	36,693
Depreciation	(722)	(722)	(258,191)
Unallocated depreciation		(345)	–
		(1,067)	(258,191)
Capital expenditures		–	140,791

The segment assets and liabilities as at 30 June 2006 are as follows:

	Technology related services *HK$'000*	**Mobile communications services** *HK$'000*	**Total** *HK$'000*
Segment assets	**11,292**	**–**	**11,292**
Investments in associated companies	**–**	**2,142,737**	**2,142,737**
Unallocated assets			**142,357**
Intangible assets	**–**	**–**	**–**
Total assets			**2,296,386**
Segment liabilities	**6,458**	**–**	**6,458**
Unallocated liabilities			**2,387,217**
Total liabilities			**2,393,675**

The assets of the Group's operations in logistics services constituted less than 10% of the total assets of the Group as at 30 June 2006, therefore, the logistics services business segment ceased to be a reportable segment.

The segment assets and liabilities as at 30 June 2005 are as follows:

	Mobile communications services *HK$'000*	Logistics services *HK$'000*	Total *HK$'000*
Segment assets	1,290,080	1,129	1,291,209
Investments in associated companies	–	–	–
Unallocated assets			284,394
Intangible assets	65,964	–	65,964
Total assets			1,641,567
Segment liabilities	522,764	189	522,953
Unallocated liabilities			2,148,545
Total liabilities			2,671,498

(b) Secondary reporting format – geographic segments

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

Hong Kong : Mobile communications services, which are classified as discontinued operations, and technology related services; and

Mainland China : Technology related services.

	Segment assets	
	As at 30 June 2006 ***HK$'000***	As at 30 June 2005 *HK$'000*
Hong Kong	**207**	1,290,643
Mainland China	**11,085**	566
	11,292	1,291,209

	Turnover		**Capital expenditure**	
	30 June 2006 ***HK$'000***	30 June 2005 *HK$'000*	**30 June 2006** ***HK$'000***	30 June 2005 *HK$'000*
Hong Kong – continuing	**–**	4,261	**–**	–
Hong Kong – discontinued	**1,402,827**	1,662,873	**97,354**	140,791
Mainland China	**16,515**	–	**86**	–
	1,419,342	1,667,134	**97,440**	140,491

5. Discontinued operations

During the year, the Group entered into a merger agreement and amendment agreements (collectively the "Merger Agreement") pursuant to which the Group disposed of its entire interests in NWPCS Holdings to Telstra CSL Limited which has changed its name to CSL New World Mobility Limited ("CSL NWM") and made a cash payment of HK$244,024,000 in exchange for the acquisition of 23.6% of the issued share capital of CSL NWM and its subsidiaries (collectively the "CSL NWM Group") representing the enlarged group combining Telstra CSL Limited and NWPCS Holdings, and an amount due from CSL NWM, the associated company, of HK$113,328,000 (the "Merger Transaction"). The Merger Transaction was approved by the shareholders of the Company at the Extraordinary General Meeting on 24 March 2006 and completed on 31 March 2006. Hence, the NWPCS Group ceased to be subsidiaries of the Group and became part of the CSL NWM Group, associated companies of the Group after the Merger Transaction.

An analysis of the results and cash flows of the discontinued operations is as follows:

	Nine months ended 31 March 2006	Year ended 30 June 2005
	HK$'000	*HK$'000*
Turnover	**1,402,827**	1,662,873
Cost of sales	**(836,095)**	(890,316)
Gross profit	**566,732**	772,557
Other revenue	**716**	527
Other charge	**(545)**	(1,081)
Selling expenses	**(85,313)**	(101,178)
Administrative expenses	**(420,168)**	(592,569)
Operating profit before finance costs	**61,422**	78,256
Finance costs	**(34,319)**	(20,548)
Operating profit	**27,103**	57,708
Gain on disposal of subsidiaries	**1,022,979**	–
Profit before taxation	**1,050,082**	57,708
Taxation	**(4,873)**	(21,015)
Profit from discontinued operations	**1,045,209**	36,693
Net cash inflow from operating activities	**131,421**	388,521
Net cash outflow from investing activities	**(96,302)**	(140,259)
Net cash outflow from financing activities	**(102,500)**	(270,073)
Total net cash outflow	**(67,381)**	(21,811)

6. Other revenue

	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
		As restated
Bank interest income	**823**	108

7. Other net (charge)/income

	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
		As restated
Loss on disposal of property, plant and equipment	–	(1,247)
Gain on disposal of other investments	–	100
Gain on disposal of investment securities	–	2,089
Impairment loss on intangible assets	(72,959)	–
Reversal of impairment on investments in associated companies	7,523	–
	(65,436)	942

8. Expenses by nature

Expenses included in cost of sales, selling and administrative expenses are analysed as follows:

	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
		As restated
Auditors' remuneration	1,347	584
Depreciation of property, plant and equipment	996	1,067
Net exchange losses	384	13
Operating lease rentals for land and buildings	1,021	–
Provision for impairment of trade receivables	215	–
Staff costs, including directors' emoluments	20,213	4,257

9. Finance costs

	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
		As restated
Interest on loans from a fellow subsidiary	3,618	–
Interest on promissory note issued to a fellow subsidiary	11,499	–
Interest on convertible bond	860	885
Interest on Subscription Note *(Note 1)*	46,809	43,854
	62,786	44,739

10. Taxation

Hong Kong profits tax has been calculated at 17.5% (2005: 17.5%). Taxation on profits in The People's Republic of China (the "PRC") has been calculated on the estimated assessable profits at tax rates ranging from 15% to 33% (2005: Nil).

No provision for Hong Kong profits tax and PRC taxation has been made for the year as the Company and a number of its subsidiaries have no asessable profit for the year and certain subsidiaries have sufficient tax losses brought forward to offset their estimated assessable profit for the year.

The amount of taxation charged to the consolidated income statement for the year represents:

	30 June 2006	30 June 2005
	HK$'000	*HK$'000*
		As restated
Current taxation:		
– Under provisions in prior years	**–**	51
Taxation charge	**–**	51

11. Earnings/(loss) per share

The calculations of basic earnings/(loss) per share based on the share capital of the Company are as follows:

	30 June 2006	30 June 2005
		As restated
Loss from continuing operations attributable to shareholders *(HK$'000)*	**(133,567)**	(47,092)
Profit from discontinued operations attributable to shareholders *(HK$'000)*	**1,045,209**	36,693
Profit/(loss) attributable to shareholders	**911,642**	(10,399)
Number of shares *(note a)*		
Weighted average number of ordinary shares for the purpose of calculating basic earnings/(loss) per share *(note b)*	**90,379,272**	78,668,311

Notes:

(a) The weighted average number of ordinary shares for the purpose of calculating the earnings/(loss) per share have been adjusted retrospectively for the one hundred-to-one share consolidation of the Company which took place on 7 July 2004.

(b) Under the reverse acquisition method of accounting, the 4,166,666,667 Subscription Shares issued by the Company to PPG to effect the Reverse Acquisition described in Note 1 are deemed to be in issue throughout the year ended 30 June 2005 for the purpose of calculating the earnings/(loss) per share.

(c) No diluted earnings/(loss) per share are presented for the years ended 30 June 2006 and 2005 as the conversion of convertible bond and subscription note would not have dilutive effect on the loss from continuing operations.

12. Trade receivables

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

	As at 30 June 2006 *HK$'000*	As at 30 June 2005 *HK$'000*
1 – 30 days	**2,483**	71,091
31 – 60 days	**1,648**	13,455
61 – 90 days	**112**	9,469
Over 90 days	**23**	–
	4,266	94,015

13. Trade payables

The ageing analysis of the trade payables is as follows:

	As at 30 June 2006 *HK$'000*	As at 30 June 2005 *HK$'000*
1 – 30 days	**80**	62,013
31 – 60 days	**120**	26,100
61 – 90 days	**172**	2,345
Over 90 days	**437**	17,628
	809	108,086

DIVIDENDS

The Board does not recommend the payment of any final dividend for the year ended 30 June 2006 (2005: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 14 November 2006 to Tuesday, 21 November 2006, both days inclusive, during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote the forthcoming Annual General Meeting, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Abacus Share Registrars Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Monday, 13 November 2006.

MANAGEMENT DISCUSSION AND ANALYSIS

Disposal of NWPCS Group and Acquisition of CSL NWM Group

On 8 December 2005, the Group entered into the Merger Agreement to dispose of the NWPCS Group and make a cash payment of HK$244.024 million, in exchange for equity holding of 23.6% of the issued share capital of CSL NWM Group and an amount due from CSL NWM of HK$113.328 million. The merger executed pursuant to the Merger Agreement was completed on 31 March 2006. As a result, the NWPCS Group, which is engaged in mobile communications business, ceased to be subsidiaries of the Group; while the CSL NWM Group comprising the NWPCS Group and Telstra CSL Limited which has changed its name to CSL NWM and its subsidiaries have become associated companies of the Group. The application of Hong Kong Financial Reporting Standard No. 5 Non-current Assets Held for Sale and Discontinued Operations has resulted in a change in the presentation of the results and cash flows of the NWPCS Group in current and prior years but has not impacted prior year's consolidated balance sheet. In the consolidated income statement, a single amount comprising the results of the NWPCS Group, of which an analysis of the results is set out in a note to the consolidated financial statements, and gain on disposal of the NWPCS Group constituting discontinued operations is presented whereas the net cash flows of the NWPCS Group attributable to operating, investing and financing activities are also disclosed in the consolidated cash flow statement.

Acquisition of New World CyberBase Solutions (BVI) Limited and its subsidiaries (collectively the "NWCS Group")

On 21 October 2005, the Group acquired from New World CyberBase Limited ("NWC") the entire issued share capital of NWCS Group and NWC's interests in loans to the NWCS Group for an aggregate consideration of HK$21 million. The NWCS Group is engaged in the provision of technology related services, mainly mobile Internet services and wireless application protocol ("WAP") services, in Mainland China. The purchase consideration was satisfied by the issuance of 16,153,846 ordinary shares of the Company at HK$1.3 each.

Financial Review

The Group recorded a profit attributable to shareholders of HK$911.6 million for the current year, as compared to a loss attributable to shareholders of HK$10.4 million in the previous year. The profit of this year mainly arose from the profit of HK$1,045.2 million (2005: HK$36.7 million) from discontinued operations of mobile communications services, slightly offset by the loss of HK$133.6 million (2005: loss of HK$47.1 million) from continuing operations.

Profit from discontinued operations comprised after-tax profit of HK$22.2 million of the NWPCS Group for the nine months ended 31 March 2006 (year ended 30 June 2005: HK$36.7 million) and the gain of HK$1,023.0 million on disposal of the NWPCS Group.

Loss from continuing operations was attributed to the loss of HK$87.4 million of the technology related business, finance costs of HK$62.8 million and other corporate expenses, slightly alleviated by the Group's share of results of the CSL NWM Group.

The loss of HK$87.4 million of the technology related business comprised impairment losses on intangible assets of HK$73.0 million. The impairment losses on intangible assets were provided for goodwill of HK$66.0 million arising from the reverse acquisition of the Company and its subsidiaries by the NWPCS Group in July 2004 which was re-allocated to the Group's new continuing operations in technology related services, goodwill of HK$5.5 million arising from the acquisition of NWCS Group and a licence of HK$1.5 million. The continuing operations recorded a turnover of HK$16.5 million from the technology related business for the post-acquisition period from 21 October 2005 to 30 June 2006, as compared to HK$4.3 million from logistics services in the previous year. WAP services have become the key growth driver contributing to improvement in turnover. On 30 June 2006, there were more than 270,000 monthly subscribers, over 90% of who are multimedia messaging services ("MMS") and WAP subscribers. During the period under review, product development teams in Shanghai and Guangzhou have developed more than 100 new MMS, WAP and short messaging services.

Finance costs of continuing operations for the current year was HK$62.8 million, an increase of HK$18.1 million from HK$44.7 million for the same period last year. The increase was mainly due to interest expenses of HK$11.5 million on a new promissory note issued to a fellow subsidiary in March 2006 to replace loans and accrued interest expenses of a total of HK$886.7 million of the NWPCS Group for which the related interest expenses incurred before the replacement were deducted from the profit from discontinued operations, and interest expenses of HK$3.6 million on new loans of HK$278.0 million drawn from the fellow subsidiary in March and June 2006.

CSL NWM Group is a major mobile telecommunications network operator in Hong Kong, providing 2G and 3G services under three brands: "One2Free", "1010" and "New World Mobility". On 30 June 2006, there were over 2.6 million subscribers to its services. The Group's share of 23.6% of the results of the CSL NWM Group for the three months from 1 April 2006 to 30 June 2006 amounted to HK$27.7 million.

Capital Structure, Liquidity and Finance Resources

As at 30 June 2006, total borrowings of the Group amounted to HK$2,371.0 million (30 June 2005: HK$2,043.5 million). These borrowings comprised subscription note of HK$1,178.0 million, convertible bond of HK$28.3 million, promissory note of HK$886.7 million issued to New World Finance Company Limited ("NWF") and loans of HK$278.0 million from NWF. The promissory note was issued to settle debts of the NWPCS Group before disposal of the NWPCS Group to CSL NWM. Loans of HK$278.0 million were obtained to finance the acquisition of the CSL NWM Group and meet requirements on the Group's working capital. These borrowings are denominated in Hong Kong dollars, and bear interest rates of 0.75%, 3%, 0.65% above HIBOR and 0.65% above HIBOR per annum respectively.

The maturity date of the convertible bond has been extended to 1 November 2007. The promissory note is repayable on demand after eighteen months from its date of issue of 30 March 2006. Loans of HK$244.02 million and HK$34.0 million from NWF are repayable upon demand after eighteen months from 31 March 2006 and after 28 August 2007 respectively.

Since most of the borrowings of the Group are considered as shareholders' loans, the gearing ratio of the Group calculated thereon is considered misleading and therefore, not presented.

As at 30 June 2006, the Group's cash and bank balances were of HK$27.7 million (30 June 2005: HK$116.5 million). The reduction was mainly the result of the disposal of the NWPCS Group. The Group had undrawn loan facility of HK$36.0 million as at 30 June 2006.

Total capital expenditure of the Group was HK$97.4 million for the year (2004/05: HK$140.8 million), which was mainly spent on the NWPCS Group's mobile communications business.

The key operations of the Group are located in Hong Kong and Mainland China. Therefore, our assets and liabilities are mainly denominated in either Hong Kong dollars or Renminbi. Since no significant exposure to foreign currency gains and losses are expected, the Group does not conduct any foreign currency hedging activities.

Employees and Remuneration Policy

As at 30 June 2006, the Group had a total of 143 employees (30 June 2005: 662). The reduction in number of employees was mainly due to the disposal of the NWPCS Group. The Group's remuneration policy is to pay salaries competitive in the industry, in a way that is motivational, fair and equitable. The salaries are also dependent on individual and company's 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.

Outlook

According to the June 2006 report by China Internet Information Centre, there are over 123 million Internet users in China, a 19.4% growth from the previous year. The Ministry of Information Industry also expects the number of mobile phone users to reach 440 million at the end of 2006. Judging from the trend of growth of both Internet and mobile phone users, there will be ample room for growth for value added services.

In July 2006, a major mobile operator partner implemented new control policies for value added service providers. It is expected that the improvement of the mobile Internet business will be slowed down due to the implementation of these new measures. The Group will re-align the strategic imperatives of the business to minimise the impact while capturing the growth opportunities in the explosive market potential in the long-term.

The Group is determined to carry on its expansion into the mobile Internet services area, with a focus on music and city infotainment services. In the music sector, the Group will continue its effort in building a platform for local music talents to create and publicise their works. Currently a platform has been created for music lovers to enjoy pop music as well as new local music. In addition to forming partnership with international record labels, building alliances with music industry players is essential to the Group's business expansion. Therefore, the Group has established strategic alliances with over 15 local record labels. Continuous alliance formation will be an important component to our success in the coming years.

In 2006, the Group has re-launched ChinaQuest.com, a web-based city infotainment service, with a powerful search engine. The partnership with China Telecom's yellow page has not only enabled us to increase the spectrum of services, but also contributed to the enrichment of the city information content. Currently the Group has rolled out city information content services in 12 cities. In 2007, the Group will expand the city infotainment service in these cities and into other untapped markets.

In 2006, the Group has strengthened the base to its mobile Internet platform. Building on this foundation, the Group will seek to secure greater market share in 2007. One of the key strategic directions for the provision of services in 2007 is to increase user interactivities by implementing Web 2.0 applications in both the Internet and WAP services. The Group believes that success in enhancing customer satisfaction in and fondness to our services will result in continuous growth of our technology related business.

The Group's investment in the mobile communications business through its equity holding of 23.6% of the CSL NWM Group will also continue to generate profit to the Group.

CORPORATE GOVERNANCE

The Company complied throughout the year ended 30 June 2006 with the code provisions set out in the Code on Corporate Governance Practices, except that the non-executive directors and independent non-executive directors of the Company are not appointed for a specific term but 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 Issuers in Appendix 10 of the Rules Governing the Listing of Securities (the "Listing Rules") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange).

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 for the year ended 30 June 2006.

AUDIT COMMITTEE

The Audit Committee, which comprises the three independent non-executive directors of the Company, namely, Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, JP and Mr. Tsui Hing Chuen, William, JP. The Committee, which is chaired by Mr. Kwong Che Keung, Gordon, possesses appropriate accounting and financial management expertise as required under the Rule 3.10(2) of the Listing Rules, is responsible for overseeing the Group's financial reporting and internal control system and has reviewed the audited consolidated financial statements of the Group for the year ended 30 June 2006.

REMUNERATION COMMITTEE

The Remuneration Committee which comprises the Chief Executive Officer, Dr. Wai Fung Man, Norman (Chairman of the Remuneration Committee), and two independent non-executive directors, namely, Mr. Hui Chiu Chung, JP and Mr. Tsui Hing Chuen, William, JP. The majority members are independent non-executive directors. During the year, the Remuneration Committee Meeting has met one time together with the management of the Company and has reviewed and recommended the remuneration related matters to the Board.

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

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

REVIEW OF FINANCIAL STATEMENTS

With the consent of the Audit Committee, the Board hereby confirms that, in the preparation of the 2006 consolidated financial statements of the Company, the Directors, both collectively and individually, applied such degree of skill, care and diligence as may reasonably be expected of under the Rule 3.08 of the Listing Rules.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE'S WEBSITE

Information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

ACKNOWLEDGEMENT

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

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 (Chairman), Mr. Doo Wai Hoi, William, JP (Vice Chairman), Dr. Wai Fung Man, Norman (Chief Executive Officer), Mr. To Hin Tsun, Gerald and Mr. Chow Yu Chun, Alexander; (ii) two non-executive directors namely Mr. Lo Lin Shing, Simon and Mr. Ho Hau Chong, Norman; and (iii) three independent non-executive directors namely Mr. Kwong Che Keung, Gordon, Mr. Hui Chiu Chung, JP and Mr. Tsui Hing Chuen, William, JP.

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

Hong Kong, 10 October 2006

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