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 THE INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2005

INTERIM RESULTS

The board of directors (the "Board") of New World Mobile Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 31 December 2005 together with the comparative figures as follows. The unaudited consolidated results below have been reviewed by PricewaterhouseCoopers in accordance with Statement of Auditing Standard 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT

For the six months ended 31 December 2005

		Six months ended 31 December	
		2005	2004
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited) (As restated)
Continuing operations:			
Turnover	*3*	**1,559**	4,261
Cost of sales		**(1,188)**	(1,332)
Gross profit		**371**	2,929
Other income		**180**	46
Selling expenses		**(681)**	–
Administrative expenses		**(67)**	(3,675)
Operating loss	*5*	**(197)**	(700)
Finance costs	*6*	**(23,819)**	(21,702)
Loss before taxation		**(24,016)**	(22,402)
Taxation	*7*	**–**	(51)
Loss from continuing operations		**(24,016)**	(22,453)
Discontinuing operations:			
Profit from discontinuing operations	*8*	**21,290**	60,577
(Loss)/profit for the period		**(2,726)**	38,124

	Note		
Attributable to:			
Equity holders of the Company		**(2,726)**	38,124
Minority interest		**–**	–
		(2,726)	38,124
Dividend	*9*	**–**	–
Loss per share from continuing operations attributable to equity holders			
– Basic	*10*	**(HK$0.28)**	(HK$0.29)
– Diluted	*10*	**(HK$0.00)**	(HK$0.00)
Earnings per share from discontinuing operations attributable to equity holders			
– Basic	*10*	**HK$0.25**	HK$0.78
– Diluted	*10*	**HK$0.02**	HK$0.06

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2005

	Note	**As at 31 December 2005 (Unaudited)** ***HK$'000***	As at 30 June 2005 (As restated) *HK$'000*
ASSETS			
Non-current assets			
Fixed assets		**2,877**	1,068,301
Investment property		**3,900**	–
Investments in associated companies		**–**	–
Intangible assets		**72,959**	65,964
Deferred taxation		**–**	167,472
Rental and other deposits		**–**	8,882
		79,736	1,310,619
Current assets			
Inventories		**–**	38,024
Trade receivables	*11*	**2,441**	94,015
Prepayments and other receivables		**2,382**	42,112
Handset subsidies		**–**	34,886
Rental and other deposits		**–**	39,421
Amount due from fellow subsidiaries		**–**	29
Amount due from a related company		**777**	813
Cash and bank balances		**25,743**	116,534
		31,343	365,834
Assets directly associated with discontinuing operations	*8*	**1,492,203**	–
		1,523,546	365,834

Total assets		**1,603,282**	1,676,453
EQUITY			
Capital and reserves attributable to the Group's equity holders			
Share capital		**16,454**	300
Other reserves		**(83,205)**	(88,051)
Accumulated losses		**(825,499)**	(822,773)
Total deficit on shareholders' fund		**(892,250)**	(910,524)

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)
As at 31 December 2005

		As at 31 December 2005 *HK$'000* **(Unaudited)**	As at 30 June 2005 *HK$'000* (As restated)
LIABILITIES			
Non-current liabilities			
Convertible bond		**27,984**	28,250
Subscription note	*1(b)*	**1,154,856**	1,131,199
Loan from a fellow subsidiary		**–**	877,500
Asset retirement obligations		**–**	6,529
		1,182,840	2,043,478
Current liabilities			
Trade payables	*12*	**974**	108,086
Accrued charges, other payables, deposits received and deferred income		**7,704**	320,935
Amounts due to a fellow subsidiary		**570**	11,132
Amount due to a related company		**–**	846
Bank loan		**–**	102,500
		9,248	543,499
Liabilities directly associated with discontinuing operations	*8*	**1,303,444**	–
		1,312,692	543,499
Total liabilities		**2,495,532**	2,586,977
Total equity and liabilities		**1,603,282**	1,676,453
Net current assets/(liabilities)		**210,854**	(177,665)
Total assets less current liabilities		**290,590**	1,132,954

As at 30 June 2005, the assets and liabilities of New World PCS Holdings Limited ("NWPCS Holdings") and its subsidiaries (collectively, the "NWPCS Group") included in the consolidated balance sheet are not presented as discontinuing operations in accordance with Hong Kong Financial Reporting Standard ("HKFRS") No 5 ("HKFRS 5") "Non-current Assets Held for Sale and Discontinued Operations".

NOTES TO CONDENSED CONSOLIDATED ACCOUNTS

1. BASIS OF PREPARATION

The above unaudited condensed consolidated accounts of the Group have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the HKICPA.

These unaudited condensed consolidated accounts should be read in conjunction with the 2005 annual accounts and the circular of the Company dated 7 March 2006.

On 29 March 2004, New World Mobile Holdings Limited (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.

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 long-term borrowings, 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 approximated its carrying value respectively.

Interest expenses on the Subscription Note are calculated using the effective interest method by applying the effective interest rate of 4.10% per annum 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 NWPCS Holdings and its subsidiaries 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 Holdings 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 Holdings. 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 Holdings 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 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 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 Acquisition and the Deemed Consideration is transferred to a consolidation reserve of the 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.

On 8 December 2005, the Company entered into a merger agreement (the "Merger Agreement") with Telstra CSL Limited ("Telstra CSL") and Telstra Holdings (Bermuda) No. 2 Limited ("Telstra Holdings"). Upon the completion of the acquisition of 23.6% interest in the enlarged capital of Telstra CSL (the "Telstra CSL Acquisition"), the Company will account for its 23.6% interest in Telstra CSL as an investment in an associate, in exchange for the transfer of all of the Company's interests in the NWPCS Group (the "Disposal") and a cash payment of HK$244.024 million by the Company to Telstra CSL. The NWPCS Group will cease to be subsidiaries of the Company upon Completion. For the purpose of interim results, the results, assets and liabilities directly associated with the operations of the NWPCS Group are classified as discontinuing operations. The impact and details of the discontinuing operations are set out in Note 3(b) and Note 8.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies adopted in preparing these unaudited condensed consolidated accounts of the Group are consistent with those being followed in preparing the annual accounts for the year ended 30 June 2005 except for the adoption of certain HKFRSs and HKASs as mentioned below and are consistent with those being followed in preparing the circular to the shareholders of the Company dated 7 March 2006.

The HKICPA has issued a number of new and revised HKFRSs and HKASs which are effective for accounting periods beginning on or after 1 January 2005.

(a) The Group has early adopted the following HKFRS and HKAS (the "HKFRS 3 Package") in the year ended 30 June 2005:

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 July 2004 and so there was no effect on opening balances by the early adoption of the HKFRS 3 Package.

The adoption of the HKFRS 3 Package resulted in:

	Six months ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Decrease in administrative expenses	**1,650**	1,605
Increase in profit attributable to equity holders	**1,650**	1,605
Decrease in loss per share from continuing operations (basic)	**HK$0.02**	HK$0.02
Decrease in loss per share from continuing operations (diluted)	**HK$0.00**	HK$0.00

	As at 31 December 2005	As at 30 June 2005
	HK$'000	*HK$'000*
	(Unaudited)	
Increase in intangible assets	**4,905**	3,255
Decrease in accumulated losses	**4,905**	3,255

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

(b) The Group has adopted the new HKFRSs below, which are relevant to its operations, in the preparation of the unaudited condensed consolidated financial statement for the six months ended 31 December 2005. The comparatives have been amended, as required, in accordance with the relevant requirements.

From 1 July 2005, the Group adopted the HKFRSs and HKASs below, which are relevant to its operations.

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: Disclosures and Presentation
HKAS 33	Earnings per Share
HKAS 39	Financial Instruments: Recognition and Measurement
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 balance sheet, profit and loss statement and statement of changes in equity.

– 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 fixed assets include the estimates of obligations which arise from future reinstatement of leased properties.

The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss and available-for-sale financial assets. Furthermore, 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 convertible bond or the 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 profit and loss 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 reserve. Decreases in fair value were first set off against increases on earlier valuations on a portfolio basis and thereafter expensed in the profit and loss statement.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 30 June 2005, the provision of share options to employees did not result in an expense in the profit and loss statements. Effective on 1 July 2005, the Group expenses the cost of share options in the profit and loss 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 profit and loss statements of the respective periods.

The adoption of HKFRS 5 resulted in prospective application after the adoption date. A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liability directly associated with those assets that will be transferred in the transaction. On initial classification as held for sale and until disposal, the non-current assets (except for certain assets including deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment property, or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial recognition as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit and loss statement. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

A discontinuing operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

An operation is classified as discontinuing when the criteria to be classified as "held for sale" have been met, if earlier, or the Group has disposed of the operation. Where an operation is classified as discontinuing, a single amount is presented on the face of the profit and loss statement, which comprises:

– the post-tax profit or loss of the discontinuing operation; and

– the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on disposal, of the assets or disposal group(s) constituting the discontinuing operation.

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 Group applied the previous SSAP 24 "Accounting for investments in securities" to investments in securities for information prior to 1 July 2005. 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.

– HKFRS 5 – only prospective application after 1 July 2005.

(i) The adoption of HKAS 16 resulted in:

	As at 31 December 2005 ***HK$'000*** **(Unaudited)**	As at 30 June 2005 *HK$'000*
Increase in assets directly associated with discontinuing operations	**1,725**	1,944
Increase in accumulated losses	**5,430**	4,585
Increase in liabilities directly associated with discontinuing operations	**7,155**	6,529

	Six months ended 31 December	
	2005 ***HK$'000*** **(Unaudited)**	2004 *HK$'000* (Unaudited)
Increase in loss/decrease in profit attributable to equity holders	**845**	522
Decrease in earnings per share from discontinuing operations (basic)	**HK$0.01**	HK$0.01
Decrease in earnings per share from discontinuing operations (diluted)	**HK$0.00**	HK$0.00

(ii) The adoption of HKASs 32 and 39 resulted in:

	As at 31 December 2005 ***HK$'000*** **(Unaudited)**	As at 30 June 2005 *HK$'000*
Decrease in intangible assets	**32**	32
Decrease in convertible bond	**302**	36
Decrease in Subscription Note	**58,558**	77,678
Increase in other reserves	**112,695**	112,695
Increase in accumulated losses	**53,867**	35,013

	Six months ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Increase in loss/decrease in profit attributable to equity holders	**18,854**	16,861
Increase in loss per share from continuing operations (basic)	**HK$0.22**	HK$0.22
Decrease in loss per share from continuing operations (diluted)	**HK$0.00**	HK$0.00

3. TURNOVER

Prior to the Completion, the Group are principally engaged in the provision of mobile communications services and the sales of mobile handsets and accessories through the NWPCS Group. Following the Completion, the continuing operations of the Group are principally engaged in the provision of technology–related services. Turnover recognised during the period are as follows:

	Six months ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited) (As restated)
Turnover		
Information technology service	**1,492**	–
Gross rental income from investment property	**67**	–
Logistics service	**–**	4,261
	1,559	4,261

The turnover directly associated with the NWPCS Group was excluded from the above figures and separately presented in Note 8.

4. SEGMENT REPORTING

(a) Primary reporting format – business segments

For the six months ended 31 December 2005, the business segments include:

– Mobile communications business

– Technology related services; and

– Logistics services.

The segment results for the six months ended 31 December 2005 are as follows:

	Six months ended 31 December 2005			
	Continuing operations			Discontinuing operations
	Technology related services *HK$'000* (Unaudited)	**Logistics services** *HK$'000* (Unaudited)	**Total** *HK$'000* (Unaudited)	**Mobile Communications services** *HK$'000* (Unaudited)
Turnover	1,559	–	1,559	999,071
Segment results	(5,180)	(92)	(5,272)	47,107
Other income			180	556
Unallocated corporate expenses			(2,628)	–
Reversal of write down of investment in associated companies			7,523	–
Operating (loss)/profit			(197)	47,663
Finance costs			(23,819)	(21,793)
(Loss)/profit before taxation			(24,016)	25,870
Taxation			–	(4,580)
(Loss)/profit for the period			(24,016)	21,290
Depreciation	255	65	320	132,390
Capital expenditures	7,001	–	7,001	89,073

The segment results for the six months ended 31 December 2004 are as follows:

	Six months ended 31 December 2004		
	Continuing operations		Discontinuing operations
	Logistics services *HK$'000* (Unaudited) (As restated)	Total *HK$'000* (Unaudited) (As restated)	Mobile communications services *HK$'000* (Unaudited) (As restated)
Turnover	4,260	4,260	854,424
Segment results	1,542	1,542	81,962
Other income		46	150
Unallocated corporate expenses		(2,288)	–
Operating profit/(loss)		(700)	82,112
Finance costs		(21,702)	(8,608)
Shares of loss of an associated company		–	(3)
Profit/(loss) before taxation		(22,402)	73,501
Taxation		(51)	(12,924)
Profit/(loss) for the period		(22,453)	60,577
Depreciation	942	942	127,666
Capital expenditures	2,865	2,865	91,556

The segment assets and liabilities as at 31 December 2005 are as follow:

	Continuing operations			**Discontinuing operations**		
	Technology related services ***HK$'000*** **(Unaudited)**	**Logistics services** ***HK$'000*** **(Unaudited)**	**Total** ***HK$'000*** **(Unaudited)**	**Mobile communications services** ***HK$'000*** **(Unaudited)**	**Eliminations** ***HK$'000*** **(Unaudited)**	**Group** ***HK$'000*** **(Unaudited)**
Segment assets	17,470	1,115	18,585	1,492,203	–	1,510,788
Investment in associated companies	–	–	–	–	–	–
Unallocated corporate assets	–	–	1,344,226	–	(1,251,732)	92,494
Total assets			1,362,811			1,603,282
Segment liabilities	7,175	210	7,385	1,303,444	–	1,310,829
Unallocated corporate liabilities	–	–	1,184,703	–	–	1,184,703
Total liabilities			1,192,088			2,495,532

(b) Secondary reporting format – geographical segments

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

Hong Kong : Mobile communications business and logistics services; and

Mainland China : Technology-related services.

		Turnover 2005 *HK$'000* (Unaudited)	Segments assets 2005 *HK$'000* (Unaudited)	Capital expenditures 2005 *HK$'000* (Unaudited)
Hong Kong	– Continuing	**–**	**–**	**–**
	– Discontinuing	**999,071**	**1,492,203**	**89,073**
		999,071	**1,492,203**	**89,073**
Mainland China	– Continuing	**1,559**	**18,585**	**7,001**
		1,000,630	**1,510,788**	**96,074**

For the six months ended 31 December 2004, more than 90% of the Group's turnover and operating profit were attributable to its mobile communications operations in Hong Kong from discontinuing operations. Accordingly no analysis by geographical segment is included in these accounts.

5. EXPENSES BY NATURE

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

	Six months ended 31 December 2005 *HK$'000* (Unaudited)	2004 *HK$'000* (Unaudited) (As restated)
Reversal of write-down of inventories	**(231)**	(678)
Reversal of write-down of investment in associated companies	**(7,523)**	–
Auditors' remuneration	**200**	270
Depreciation of fixed assets	**320**	942
Staff costs, including directors' emoluments	**3,453**	3,167

6. FINANCE COSTS

	Six months ended 31 December 2005 *HK$'000* (Unaudited)	2004 *HK$'000* (Unaudited) (As restated)
Interest on convertible bond	**162**	38
Interest on subscription note	**23,657**	21,664
	23,819	21,702

7. TAXATION

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

The amount of taxation charged to the consolidated profit and loss statement represents:

	Six months ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(As restated)
Current taxation:		
– Under provision in prior periods	**–**	51
Deferred taxation relating to the origination and reversal of temporary differences	**–**	–
Deferred taxation resulting from an increase in tax rate	**–**	–
	–	51

8. DISCONTINUING OPERATIONS

The assets and liabilities related to the NWPCS Group have been presented as assets and liabilities directly associated with discontinuing operations following the entering by the Company into the Merger Agreement with Telstra CSL and Telstra Holdings on 8 December 2005, which is subject to the approval by the shareholders of the Company. The Telstra CSL Acquisition is subject to the approval of the Company's shareholders at the Extraordinary General Meeting on 24 March, 2006.

An analysis of the result and cash flows of discontinuing operations is as follows:

	Six months ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
		(As restated)
Turnover	**999,071**	854,424
Other income	**556**	150
Operating costs	**(951,964)**	(772,462)
Operating profit	**47,663**	82,112
Finance costs	**(21,793)**	(8,608)
Share of loss of an associated company	**–**	(3)
Profit before taxation from discontinuing operations	**25,870**	73,501
Taxation	**(4,580)**	(12,924)
Profit after taxation from discontinuing operations	**21,290**	60,577

	Six months ended 31 December	
	2005	2004
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**92,603**	202,178
Net cash used in investing activities	**(88,755)**	(226,551)
Net cash (used in)/generated from financing activities	**(45,439)**	32,353
Total net cash (outflow)/inflow from discontinuing operations	**(41,591)**	7,980

	As at 31 December 2005	As at 30 June 2005
	HK$'000	*HK$'000*
Assets directly associated with discontinuing operations:		
Fixed assets	**1,014,242**	–
Deferred taxation	**162,892**	–
Other non-current assets	**4,427**	–
Current assets	**310,642**	–
	1,492,203	–
Liabilities directly associated with discontinuing operations	**1,303,444**	–

As at 31 December 2005, apart from the above-mentioned liabilities directly associated with discontinuing operations, there were amounts due from the NWPCS Group to the Company of approximately HK$253,060,000, which will be repaid to the Company prior to the Completion.

9. DIVIDEND

The board has resolved not to declare any interim dividend for the six months ended 31 December 2005 (2004: Nil).

10. BASIC AND DILUTED LOSS/EARNINGS PER SHARE

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

	Six months ended 31 December	
	2005	2004
	(Unaudited)	(Unaudited) (As restated)
(Loss)/profit attributable to shareholders for the purpose of calculating basic loss/earnings per share *(HK$'000)*	**(2,726)**	38,124
Decrease in net loss/increase in net profit for deemed conversion of potential ordinary shares *(HK$'000)*	**23,819**	21,702
Adjusted profit for the purpose of calculating diluted earnings per share *(HK$'000)*	**21,093**	59,826
Number of Shares *(note a)*		
Weighted average number of ordinary shares for the purpose of calculating basic loss/earnings per share *(note b)*	**85,503,293**	78,162,778
Effect of dilutive potential ordinary shares	**1,023,943,438**	995,375,298
Weighted average number of ordinary share for the purpose of calculating diluted earnings per share	**1,109,446,731**	1,073,538,076

Notes:

(a) The weighted average numbers of ordinary shares for the purpose of calculating the earnings/loss per share has 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 period prescribed for the purpose of calculating the earnings/loss per share.

11. TRADE RECEIVABLES

Ageing analysis of trade receivables is as follows:

	As at 31 December 2005 *HK$'000* **(Unaudited)**	As at 30 June 2005 *HK$'000*
Current to 30 days	**643**	71,091
31 to 60 days	**56**	13,455
61 to 90 days	**1**	9,469
Over 90 days	**1,741**	–
	2,441	94,015

The Group allows an average credit period of thirty days to its subscribers and other customers.

12. TRADE PAYABLES

Ageing analysis of trade payables is as follows:

	As at 31 December 2005 *HK$'000* (Unaudited)	As at 30 June 2005 *HK$'000*
Current to 30 days	**60**	62,013
31 to 60 days	**11**	26,100
61 to 90 days	**16**	2,345
Over 90 days	**887**	17,628
	974	108,086

13. BUSINESS COMBINATION

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 Solution (BVI) Limited ("NWCS"), a wholly-owned subsidiary of NWC, and interest of NWC in the interest-free shareholder's loan due from NWCS for an aggregate consideration of HK$21 million. The consideration was satisfied by the issue of 16,153,846 ordinary shares of HK$1.00 each by the Company at an issued price of HK$1.3 per share, representing a discount of approximately 1.2% to the 10-day average closing price of the Company's share of approximately HK$1.316 per share for the last 10 consecutive trading days up to and including 12 September 2005 as quoted on the Stock Exchange.

The allocation of the cost of acquisition of NWCS and its subsidiaries (the "NWCS Group") is as follows:

	HK$'000
Net assets acquired at fair value	
Investment properties	3,900
Fixed assets	2,641
Intangible assets	1,470
Trade receivables and other current assets	4,719
Cash and bank balances	10,683
Accruals and other payables	(7,938)
	15,475
Cost of acquisition	
Purchase consideration	21,000
Goodwill	5,525

With the acquisition of the NWCS Group, the Group's capability to develop value-added mobile products and services and competitiveness in the mobile communication industry are enhanced. In light of the growing demand for mobile Internet services in the Mainland China, the acquisition will also enable the Group to capitalise on the mobile Internet service market in the Mainland China. The goodwill is attributable to the aforesaid factors.

The acquiree's book value of net assets acquired at the date of acquisition approximated its fair value as disclosed above.

14. SUBSEQUENT EVENT

On 8 December 2005, the Company entered into the Merger Agreement for the Telstra CSL Acquisition. The transactions constitute a very substantial disposal and a very substantial acquisition under Chapter 14 of the Listing Rules. As such, the Completion is subject to, amongst others, the approval by the shareholders of the Company. Further, the Company has entered into the subscription agreements whereby the Company will subscribe for new shares in NWPCS Holdings in cash immediately prior to Completion, which will provide the NWPCS Group with funds (i) to retire their outstanding debts as at the date of Completion; and (ii) for a certain level of negative working capital as at the date of Completion. As at 31 December 2005, the amount of outstanding debts of the NWPCS Group was approximately HK$1.2 billion. The board of directors of NWD advises that a shareholder's loan will be advanced by NWD to the Company to enable the Company to satisfy the payment of the subscription amount and the repayment of debt owing to NWD and its subsidiaries. The abovementioned shareholder's loan, if advanced by NWD to the Company, will be unsecured and has no definite term of repayment.

Upon Completion, the Company will account for the Telstra CSL Acquisition as an investment in an associate, and the NWPCS Group will cease to be subsidiaries of the Company upon Completion.

The Merger Agreement is subject to Completion, the gain and loss arising from the Disposal, the purchase consideration for the Acquisition and the resulting goodwill, if any, cannot be determined as at the date of this Announcement. Since the fair value of the 76.4% interests of the NWPCS Group to be disposed at the date of Completion may be different from its fair value at the date of this Announcement and the fair value of the Group's share of 23.6% interests in Telstra CSL may be different from its fair value at the date of this Announcement, the final amounts of the gain/loss on the Disposal and the resulting goodwill will be different from those amounts calculated based on fair values at the date of this Announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

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 condensed consolidated accounts. Since then, the Group has mainly been engaged in offering a host of quality mobile communications services in Hong Kong, including voice services and value-added services tailored to the specific needs of individual customer groups, via advanced mobile technologies.

The Acquisition constituted a reverse acquisition from accounting perspective and therefore the capital and reserves presented in these condensed consolidated balance sheets represented the capital and reserves of the NWPCS Group upon the completion of the Acquisition plus all post-acquisition changes of the Group.

On 21 October 2005, the Company acquired from NWC the entire issued share capital of NWCS and was assigned its interests in its interest-free shareholder's loan owing from NWCS for an aggregate consideration of HK$21.0 million. The consideration was satisfied by the issue of 16,153,846 ordinary shares of the Company at an issue price of HK$1.3 each.

As mentioned in Note 1, on 8 December 2005, the Company entered into the Merger Agreement with Telstra CSL and Telstra Holdings. Upon the completion of the Telstra CSL Acquisition, the Company will account for the acquisition of 23.6% interest in the enlarged capital of Telstra CSL (the "Telstra CSL Acquisition") as an investment in an associate, in exchange for the transfer of all of the Company's interests in the NWPCS Group (the "Disposal") and a cash payment of HK$244.024 million by the Company to Telstra CSL. The NWPCS Group will cease to be subsidiaries of the Company upon Completion. As a result, the results, and assets and liabilities related to the NWPCS Group have been presented as profit from discontinuing operations and assets and liabilities directly associated with discontinuing operations respectively following the entering by the Company into the Merger Agreement, which is subject to the approval by the shareholders of the Company. The Telstra CSL Acquisition is subject to the approval of the Company's shareholders at the Extraordinary General Meeting on 24 March 2006. The completion of the Merger is conditional upon the satisfaction of other conditions precedent in the Merger Agreement which have not been fulfilled at the date of this Announcement.

Following the completion of the Telstra CSL Acquisition, the Group will continue to (i) operate its technology-related businesses including mobile Internet services and information technology outsourcing services through the NWCS Group; and (ii) hold its 23.6% interest in the Telstra CSL through a wholly-owned subsidiary.

The Group had a loss attributable to equity holders of HK$2.7 million for the current period as compared to a profit attributable to equity holders of HK$38.1 million for the same period last year.

Financial Review on Continuing Operations

For the six months ended 31 December 2005, the Group recorded consolidated turnover of approximately HK$1.6 million, representing 63% decrease from HK$4.3 million for the corresponding period last year. The turnover of the Group for the current period was mainly contributed by technology-related businesses including mobile Internet services and information technology outsourcing services through the NWCS Group acquired on 21 October 2005 whereas that for the same corresponding period last year was mainly contributed by the logistics businesses.

The gross profit margin of the Group was 24% for the current year as compared to 69% for the corresponding period last year. The decrease was mainly due to the relatively low gross profit margin of technology-related businesses of the NWCS Group.

The Group's operating expenses, excluding depreciation and amortisation charge ("OPEX"), decreased by HK$2.3 million to HK$0.4 million from HK$2.7 million for the corresponding period last year. The OPEX before the reversal of an impairment loss of HK$7.5 million for investment in associated companies for the current period and the gains of HK$2.2 million on sales of trading securities and other investments for the same period last year amounted to HK$7.9 million and HK$4.9 million for the current period and the same period last year respectively.

The Group recorded earnings before interest, tax, depreciation and amortisation ("EBITDA") of HK$0.1 million for the current period, a slight decrease from HK$0.2 million for the same period last year.

Finance costs for the current year increased to HK$23.8 million, representing an increase of HK$2.1 million from HK$21.7 million for the corresponding period last year. The increase was mainly due to the increase in the liability component of the Subscription Note and convertible bond (the "Convertible Bond") as a result of the adoption of HKAS 32.

As a result of the combined effects of the above, the Group had a loss attributable to equity holders from continuing operations of HK$24.0 million compared to a loss of HK$22.4 million for the corresponding period last year.

Financial Review on Discontinuing Operations

Discontinuing operations were contributed by the mobile communications businesses conducted by the NWPCS Group.

Turnover was mainly contributed by mobile communications services revenue and sales of mobile handsets and accessories. The discontinuing operations recorded turnover of HK$999.1 million, an increase of HK$144.7 million from HK$854.4 million for the same period last year. The increase was attributable to the increase in revenue from sales of mobile handsets and accessories slightly offset by the drop in the post-paid average revenue per user ("ARPU") from HK$171 in the corresponding period last year to HK$170 in the current period. The drop in ARPU was mainly due to the aggressive price promotions offered by the mobile services operators and severe competition on tariff. However, the Group continued to excel in customer servicing and providing mobile users with pioneering data services to maintain its competitiveness during the period. The Group was successful in maintaining a low churn rate at approximately 2.8%.

Operating costs increased by HK$179.5 million to HK$952.0 million in the current period from HK$772.5 million for the same period last year. The increase in operating costs was mainly contributed to the increase in the cost of goods sold and services as a direct result of the increase in sales of mobile handsets and accessories, slightly offset by the decrease in OPEX as a result of the Group's continuous effort in enhancing operating efficiency.

The EBITDA from discontinuing operations for the current period dropped to HK$180.1 million, representing a 14.2% decrease from HK$209.8 million for the same period last year.

Finance costs for the current year increased to HK$21.8 million, representing an increase of HK$13.2 million from HK$8.6 million for the corresponding period last year. The increase was mainly due to the increase in HIBOR.

As a result of the combined effects of the above, the profit attributable to equity holders from discontinuing operations was HK$21.3 million, a decrease of HK$39.3 million from HK$60.6 million for the corresponding period last year.

Capital Structure, Liquidity and Financial Resources

For financing the Acquisition, the Company issued Subscription Shares and Subscription Note at considerations of HK$50.0 million and HK$1,200.0 million, respectively, in July 2004. The liability component of the Subscription Note amounted to HK$1,154.9 million as at 31 December 2005 (30 June 2005: HK$1,131.2 million).

Apart from the Subscription Note, the total borrowings of the Group as at 31 December 2005 was approximately HK$28.0 million (30 June 2005: HK$1,008.3 million). The total borrowings comprised the Convertible Bond of HK$28.0 million which is denominated in Hong Kong dollars and bears interest at 3% per annum. The maturity date for the Convertible Bond is in November 2007. The loan of HK$877.5 million from New World Finance Company Limited included in the borrowings of the Group as at 30 June 2005 was reclassified to liabilities directly associated with discontinuing operations as at 31 December 2005. During the current period, the Group repaid the outstanding bank loan of HK$102.5 million.

As most of the borrowings of the Group including the Subscription Note as at 31 December 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 Announcement.

As at 31 December 2005, the Group's cash and bank balances amounted to approximately HK$25.7 million (30 June 2005: HK$116.5 million). The decrease was mainly due to the reclassification of cash and bank balances of the NWPCS Group to assets directly associated with discontinuing operations.

The Group's net cash inflow from operating activities was reduced to HK$83.6 million, a decrease of HK$113.6 million from HK$197.2 million for the same period last year.

As at 31 December 2005, none of the assets held by the Group were pledged to other parties (30 June 2005: Nil).

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 principal functional currencies of the Group's continuing and discontinuing operations are RMB and Hong Kong dollar respectively. The Group's business transactions, monetary assets and liabilities associated with the continuing and discontinuing operations are mainly denominated in RMB and Hong Kong dollar respectively. The Group does not therefore have any significant exposure to foreign currency gains and losses other than RMB during the current period. 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.

Contingent Liabilities

As at 31 December 2005, the Group had obtained bank guarantees in lieu of deposits of HK$8.7million (30 June 2005: HK$8.5 million).

Business Review

During the period under review, the aggressive pricing strategy of 3G services and handsets intensified the acute competition of HK mobile market and adversely affected local operators' bottomline. The Group continued to dedicate its effort in enhancing its networks and service quality while maintaining its competitiveness in the price-driven market. Owing to the unfavorable market situation, the Group has redirected its business focus to growing its higher value post-paid customer number and strategically reducing its inactive prepaid subscriber base, leading to a 4.4% decline of total subscriber number from 1,350,000 in June 2005 to 1,290,000 in December 2005.

As part of its ongoing strategy, the Group puts relentless effort in exploring new market segments and extending its market reach by using the unique customer segmentation strategy. The Group leveraged the great potential of the mobile prepaid market by introducing various theme-based prepaid SIM cards to different customer groups, including *U-Save Mobile Stored-value Card* for Filipinos and South Asian helpers and Talk'n Save Stored-value Card for price-sensitive customers.

In a move to encourage data usage, the Group has opened up the GPRS platform to prepaid users in November 2005, allowing users to access various mobile data services, including connecting tone, download content and mobile games. In July 2005, the Group has extended its reach to mobile youth by bringing fun-seeking customers a fascinating multimedia service「勁 HEA Mobile」 that featured the comic character "Fu Wing" of the well-known "Gi Si Goo Bi Family". The Group has further increased its collaboration with Emperor Entertainment Group (EEG) and taking its well-received Star Mobile to new heights. The new Star Mobile boasts the full fleet of EEG artistes and provides comprehensive idol content to young customers.

The Group also partnered with Linktone Ltd., a Shanghai-based interactive entertainment products and services provider, and EEG to launch the popular Hong-Kong-idols-based mobile entertainment service-Star Mobile「移動追星」 in China, extending the content of Star Mobile to over 320 million mobile users in the mainland.

Operating under the brand name of New World Mobility, the Group has made significant achievements in marketing its brand equity. With unrelenting marketing effort, New World Mobility has been well recognised as a solid, vibrant, innovative and reliable brand. During last summer, New World Mobility's second brand campaign – 'The One for You' has brought the Group a Silver Award in the Telecommunications category of the *2005 EFFIE Award* organized by the New York American Marketing Association. In early 2006, New World Mobility won the "Hong Kong and Macau Merchant of Integrity" award with the highest votes in the 'Telecommunications and Equipments' category at the Third Hong Kong Merchants of Integrity Award 2005-2006 organized by China's best-selling newspaper – 'Guangzhou Daily'.

The Group has also demonstrated its strong commitment in being a "good corporate citizen" by actively participating in various community activities. In early 2006, the Group received the "Caring Company Logo 2005/06" from The Hong Kong Council of Social Service.

Prospects

Looking ahead, the Group will continue to explore new revenue streams and exercise various measures to contain costs. Subsequent to the acquisition of NWCS, the Group will direct its effort to growing mobile Internet services in Mainland China while the proposed merger of the NWPCS Group and Telstra CSL takes place.

Employees and Remuneration Policy

As at 31 December 2005, the Group had a total of 822 employees (30 June 2005: 662). The increase in the number of employees was attributable to the headcount of the NWCS Group acquired during the current period. The Group's emolument 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.

CORPORATE GOVERNANCE

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the interim results announcement for the six months ended 31 December 2005.

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 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 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Mode 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 for the six months ended 31 December 2005.

AUDIT COMMITTEE

The Audit Committee was established in May 1999 and has written terms of reference. 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. The Committee which is chaired by Mr. Kwong Che Keung, Gordon, is responsible for overseeing the Group's financial reporting and internal control system and has reviewed the unaudited consolidated financial statements of the Group for the period ended 31 December 2005.

REMUNERATION COMMITTEE

The Remuneration Committee was established in June 2005 and has written terms of reference. The majority members are independent. The Committee is chaired by Dr. Wai Fung Man, Norman and the other members are Mr. Hui Chiu Chung, *JP* and Mr. Wei Chi Kuan, Kenny.

The Remuneration Committee is responsible for formulating and recommending remuneration policy to the board and determining the remuneration of executive directors and members of senior management, as well as reviewing and making recommendations on the Group's share option scheme, bonus structure, provident fund and other compensation-related issues.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

A detailed announcement of the interim results of the Group for the six months ended 31 December 2005 containing all the information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website (http://www.hkex.com.hk) in due course.

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 (Vice Chairman), *JP*, 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. Wei Chi Kuan, Kenny, Mr. Kwong Che Keung, Gordon and Mr. Hui Chiu Chung, *JP*.

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

Hong Kong, 13 March 2006

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