

Telecommunications



New World Mobility ("NWM")

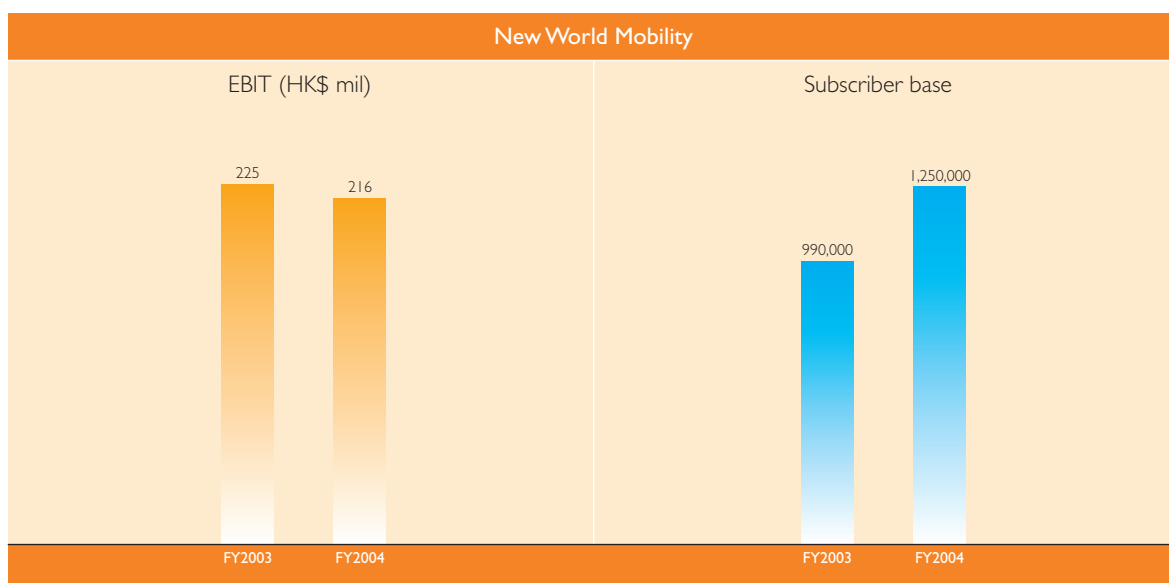
The subscriber base of NWM grew from 990,000 in June 2003 to 1,250,000 in June 2004, representing a 26% increase. In FY2004, NWM recorded an EBIT of HK\$216.4 million.

In July 2004, the Group completed the disposal of the entire interest in New World PCS Holdings Limited to Asia Logistics Technologies Limited ("ALT") and the subscription of new shares and a convertible note issued by ALT. Upon completion of the series of transactions, the Group's mobile phone business started to operate under the fifth listed company of the Group, and ALT was renamed New World Mobile Holdings Limited. During the year under review, over HK\$100 million has been invested in upgrading the network in a bid to stay technologically competitive and enlarge capacity for the growing

NWM has grouped its multimedia value-added services under "M kee" service brand.

subscriber base. In order to meet the demand of the subscribers, NWM signed a USD30 million contract with Nokia in June 2004 for the expansion of its GSM network to provide advanced and innovative multi-media solutions, including EDGE and Push to Talk over Cellular.

Amidst the intensive market competition, NWM aims to maintain a similar level of market share in the next financial year. While NWM strives to improve the ARPU by introducing more exciting mobile data services via advanced mobile technology, NWM will continue to explore new revenue streams and exercise various measures to contain costs.



New World Telecommunications ("NWT")

During the year, intense competition triggered the plunge of IDD rates which caused a negative EBIT of HK\$163.3 million before other charges.

NWT is an integrated communications service provider to offer a wide range of IP data and voice services. NWT's broadband network has reached 98% of Hong Kong population through a combination of self-built network and network resources sharing arrangements with other operators and public organizations.

NWT expects that the withdrawal of Type II

Interconnection will have minimal impact on its fixed line business because it has progressively extended its self-built network and deployed various new technologies such as Next Generation Network to serve customers.

Capex spending will be incurred on expansion of data and broadband network, deployment of wireless access technologies, and establishment of new platforms to support the integration of web voice mail, fax mail and e-mail services.



Launch ceremony for a joint business initiative between New World Telecom and Yahoo! Hong Kong to support local businesses