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CEO's Report

FINANCIAL HIGHLIGHTS

For the year under review, the Group's turnover amounted to HK\$1,709 million, representing a slight increase of HK\$10 million (2003/04: HK\$1,699 million). The Group's earnings before interest, tax, depreciation and amortization ("EBITDA") dropped by 12% to HK\$403 million (2003/04: HK\$459 million) and profit attributable to shareholders declined by 43% to HK\$93 million (2003/04: HK\$164 million).

DIVIDEND

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

REVIEW OF RESULTS

Goes Public

For the year ended 30 June 2005, the Company has successfully acquired New World PCS Holdings Limited and its subsidiaries (collectively, the "NWPCS Group"), previously the wholly-owned mobile business unit of NWD. Upon completion of the transaction on 6 July 2004, the Company announced the official change of its name to "New World Mobile Holdings Limited" (formerly known as "Asia Logistics Technologies Limited") to reflect re-directions of the Group's business focus. With effect from 18 August 2004, the stock short name of the Company was changed to "NW Mobile".

Market Challenges

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

Consistent Growth in Subscriber Base

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

Innovative Mobile Data Services

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

On the other hand, the Group has put continued effort in launching various mobile data services with a view to boosting data revenue. As mobile technology evolves, the Group has successfully introduced many other fascinating mobile communications services in Hong Kong, including the first-ever Push to Talk over Cellular (PoC) service *Press'n Talk* via its GPRS/EDGE network. In January 2005, the Group joined hands with several renowned suppliers to launch *Video-on-the-move*, allowing users to be the first to enjoy the most up-to-date MV of various pop singers of Emperor Entertainment Group via their mobile phones. The service also enables users to obtain the latest local, international, entertainment, financial, weather and traffic news provided by i-CABLE Communications Limited, and to enjoy a fun and interesting cartoon content brought to them by jidousports. The Group continues to enrich its service content by introducing many other exciting features, such as "China Info", "Miss Korean's Diary", "Shanghai Dialect" and "Chinese Astrology".

Superior Network Quality

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

Brand Success

Throughout the past few years, the Group has put continued effort in reinforcing its brand positioning. In September 2004, the Group has launched an extensive brand campaign to reinforce the message that "New World Mobility is 'The One for You', and provides superior mobile services tailored to the needs of individual customer groups". At "The Second Hong Kong Merchants of Integrity Award 2004/2005" organized by China's best-selling newspaper – Guangzhou Daily, the Group won the "Hong Kong Merchant of Integrity" award with the highest votes in the 'Telecommunications and Equipments' category.

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

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

In April 2005, the Group also received the "Reader's Digest SuperBrand 2005" – Gold Award.

OUTLOOK

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



CEO's Report

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

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

ACKNOWLEDGEMENT

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

Dr. Wai Fung Man, Norman
Executive Director and Chief Executive Officer
Hong Kong, 5 October 2005