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, 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.

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 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 Acquisition;

(iii) the purchase consideration is deemed to have been incurred by NWPCS Holdings for the Acquisition and is determined by the fair value of 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 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 (hereinafter collectively referred to as the "Merger"). The NWPCS Group will cease to be subsidiaries of the Company upon completion of the Merger (the "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 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 HKASs (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
Decrease in loss/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
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 and HKASs 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's 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 statement. Effective 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 statement of the respective period.

The adoption of HKFRS 5 has 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. 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.

Notes to Condensed Consolidated Accounts

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 Statement of Standard Accounting Practice 24 ("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	2004
	HK$'000	HK$'000
	(Unaudited)	(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$'000 **(Unaudited)**	HK$'000 (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
Increase in loss per share from continuing operations (diluted)	**HK$0.00**	HK$0.00

3. TURNOVER

Prior to the Completion, the Group is 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 is as follows:

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

The turnover directly associated with the discontinuing operations 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 services, which is classified as discontinuing operations;
- 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 investments 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	132,391
Capital expenditures	7,001	-	7,001	89,073

Notes to Condensed Consolidated Accounts

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	4,261	4,261	854,424
Segment results	1,542	1,542	81,962
Other income		46	150
Unallocated corporate expenses		(2,288)	–
Operating (loss)/profit		(700)	82,112
Finance costs		(21,702)	(8,608)
Share of loss of an associated company		–	(3)
(Loss)/profit before taxation		(22,402)	73,501
Taxation		(51)	(12,924)
(Loss)/profit 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
Investments 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 services, which is classified as discontinuing operations, and logistics services; and

Mainland China : Technology-related services.

	Turnover 2005 HK$'000 (Unaudited)	Segment assets 2005 HK$'000 (Unaudited)	Capital expenditures 2005 HK$'000 (Unaudited)
Hong Kong – Continuing operations	-	-	-
– Discontinuing operations	999,071	1,492,203	89,073
	999,071	1,492,203	89,073
Mainland China – Continuing operations	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 was 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	2004
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Auditors' remuneration	**200**	270
Depreciation of fixed assets	**320**	942
Gain on disposal of other investments	**–**	(100)
Gain on disposal of investment securities	**–**	(2,089)
Reversal of write-down of investments in associated companies	**(7,523)**	–
Staff costs, including directors' emoluments	**3,453**	3,167

6. FINANCE COSTS

	Six months ended 31 December	
	2005	2004
	HK$'000	HK$'000
	(Unaudited)	(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 HK$'000 (Unaudited)	2004 HK$'000 (Unaudited)
Current taxation:		
– Under provision in prior periods	**–**	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 Company entered 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 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 HK$'000 (Unaudited)	As at 30 June 2005 HK$'000 (Unaudited)
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 (Unaudited)	2004 (Unaudited) (As restated)
(Loss)/profit attributable to equity holders 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 (loss)/earnings per share have been adjusted retrospectively for the one hundred-to-one share consolidation of the Company which took place on 7 July 2004 (Note 16(d)).

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

11. CAPITAL EXPENDITURES

	Fixed assets HK$'000 (Unaudited)	Investment property HK$'000 (Unaudited)	Intangible assets HK$'000 (Unaudited)
Opening net book amount as at 1 July 2004, as restated	1,186,236	–	–
Acquisition of subsidiaries	2,865	–	65,964
Additions	91,556	–	–
Disposals	(1,791)	–	–
Depreciation	(128,608)	–	–
Closing net book amount as at 31 December 2004, as restated	1,150,258	–	65,964
Opening net book amount as at 1 January 2005, as restated	1,150,258	–	65,964
Additions	49,235	–	–
Disposals	(542)	–	–
Depreciation	(130,650)	–	–
Closing net book amount as at 30 June 2005, as restated	1,068,301	–	65,964
Opening net book amount as at 1 July 2005, as restated	1,068,301	–	65,964
Acquisition of subsidiaries	2,641	3,900	6,995
Additions	89,079	–	–
Disposals	(10,191)	–	–
Depreciation	(132,711)	–	–
Reclassification to assets directly associated with discontinuing operations	(1,014,242)	–	–
Closing net book amount as at 31 December 2005	2,877	3,900	72,959

12. 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.

13. CASH AND BANK BALANCES

The analysis of cash and bank balances is as follows:

	As at 31 December 2005 HK$'000 (Unaudited)	As at 30 June 2005 HK$'000
Balances with original maturities of three months or less	**24,973**	116,534
Balances with original maturities of more than three months *(note)*	**770**	–
	25,743	116,534

Note: As at 31 December 2005, the court has taken action to freeze certain bank balances of certain subsidiaries of the Group in the amount of approximately Renminbi ("RMB") 801,000 for claims filed against the subsidiaries whose directors have consulted the lawyers who considered that these claims were without merits.

14. 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

15. BANK LOAN

	As at 31 December 2005 HK$'000 (Unaudited)	As at 30 June 2005 HK$'000
Bank Loan, secured	**–**	102,500
Less: Amount repayable within twelve months	**–**	(102,500)
	–	–

On 31 October 2005, the Group repaid the remaining balance HK$102.5 million.

16. SHARE CAPITAL

	The Group *(note a)* HK$'000 (Unaudited)
At 1 July 2004	1
Issue of shares *(note b)*	299
At 31 December 2004 and 30 June 2005	300
At 1 July 2005	300
Issue of shares *(note e)*	16,154
At 31 December 2005	16,454

Notes to Condensed Consolidated Accounts

	The Company	
	No. of shares	**HK$'000 (Unaudited)**
Authorised:		
Ordinary shares of HK$0.01 each at 1 July 2004	10,000,000,000	100,000
Creation of additional shares *(note c)*	190,000,000,000	1,900,000
Share consolidation *(note d)*	(198,000,000,000)	–
Ordinary shares of HK$1.00 each at 31 December 2004, 30 June 2005 and 31 December 2005	2,000,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each at 1 July 2004	3,751,555,700	37,515
Issue of Subscription Shares *(Note 1(a))*	4,166,666,667	41,667
Share consolidation *(note d)*	(7,839,040,144)	–
Ordinary shares of HK$1.00 each at 31 December 2004 and 30 June 2005	79,182,223	79,182
Ordinary shares of HK$1.00 each at 1 July 2005	79,182,223	79,182
Issue of shares *(note e)*	16,153,846	16,154
Ordinary shares of HK$1.00 each at 31 December 2005	95,336,069	95,336

Notes:

(a) Due to the use of reverse acquisition basis of accounting, the amount of share capital and share premium in the condensed consolidated balance sheet represents the amount of issued shares of the legal subsidiary, NWPCS Holdings, at the time of reverse acquisition and that of the legal parent, the Company, issued after the reverse acquisition.

(b) 298,911,000 shares were issued on 6 July 2004 by the legal subsidiary, NWPCS Holdings, for capitalisation of loan.

(c) On 6 July 2004, the authorised share capital of the Company was increased from HK$100,000,000 to HK$2,000,000,000 by the creation of additional 190,000,000,000 ordinary shares of HK$0.01 each.

(d) On 7 July 2004, every 100 issued or unissued ordinary shares of HK$0.01 each of the Company was consolidated into one consolidated ordinary share of HK$1.00 each.

(e) On 21 October 2005, 16,153,846 ordinary shares of HK$1.00 each were issued at HK$1.3 each to New World CyberBase Limited ("NWC") for acquisition of New World CyberBase Solutions (BVI) Limited ("NWCS") as mentioned in Note 22.

17. OTHER RESERVES AND ACCUMULATED LOSSES

	Share premium HK$'000	Consolidation reserve HK$'000	Convertible bond reserves HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2004, as previously stated	999	–	–	(876,286)	(875,287)
Accretion and depreciation expenses arising from asset retirement obligations	–	–	–	(3,541)	(3,541)
At 1 July 2004, as restated	999	–	–	(879,827)	(878,828)
Issue of shares (Note 16(b))	913,793	–	–	–	913,793
Arising from reverse acquisition	–	(1,115,538)	–	–	(1,115,538)
Renewal of convertible bond	–	–	40	–	40
Issue of Subscription Note	–	–	112,655	–	112,655
Profit for the period, as previously stated	–	–	–	55,507	55,507
Accretion and depreciation expenses arising from asset retirement obligations	–	–	–	(522)	(522)
Interest expenses on convertible bond and Subscription Note	–	–	–	(16,861)	(16,861)
Profit for the period, as restated	–	–	–	38,124	38,124
At 31 December 2004, as restated	914,792	(1,115,538)	112,695	(841,703)	(929,754)
Profit for the period, as previously stated	–	–	–	37,604	37,604
Accretion and depreciation expenses arising from asset retirement obligations	–	–	–	(522)	(522)
Interest expenses on convertible bond and Subscription Note	–	–	–	(18,152)	(18,152)
Profit for the period, as restated	–	–	–	18,930	18,930
At 30 June 2005, as restated	914,792	(1,115,538)	112,695	(822,773)	(910,824)
At 1 July 2005, as previously stated	914,792	(1,115,538)	–	(783,175)	(983,921)
Renewal of convertible bond	–	–	40	–	40
Issue of Subscription Note	–	–	112,655	–	112,655
Interest expenses on convertible bond and Subscription Note	–	–	–	(35,013)	(35,013)
Accretion and depreciation expenses arising from asset retirement obligations	–	–	–	(4,585)	(4,585)
At 1 July 2005, as restated	914,792	(1,115,538)	112,695	(822,773)	(910,824)
Loss for the period	–	–	–	(2,726)	(2,726)
Issue of shares (Note 16(e))	4,846	–	–	–	4,846
At 31 December 2005	919,638	(1,115,538)	112,695	(825,499)	(908,704)

18. CONVERTIBLE BOND

On 2 November 2001, a convertible bond (the "Convertible Bond") of HK$39,286,000 (the "Principal Amount") was issued by the Company in favour of New World CyberBase Nominee Limited ("NWCBN"), a fellow subsidiary. It bears a flat-rate interest at 3% per annum accrued on a day-to-day basis on the outstanding Principal Amount of the Convertible Bond which is payable semi-annually in arrears. The original maturity date of the Convertible Bond was on 1 November 2004.

In December 2003, a portion of the Principal Amount of the Convertible Bond of HK$11,000,000 was converted into 110,000,000 ordinary shares of HK$0.01 each of the Company at the conversion price of HK$0.10 per share. In November 2004, the Company has agreed with NWCBN to extend the maturity date of the Convertible Bond to 1 November 2007.

The conversion price of the remaining portion of the Convertible Bond was adjusted to HK$1.22 per ordinary share after the completion of the Acquisition and share consolidation as detailed in Note 1 and Note 16(d) respectively.

The fair values of the liability component and the equity component of the Convertible Bond were determined at issuance/renewal of the Convertible Bond.

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 Convertible Bond approximated its carrying value.

Interest expenses on the Convertible Bond are calculated using the effective interest method by applying the effective interest rate of 3.04% per annum to the liability component.

19. COMMITMENTS

(a) Capital commitments

	Discontinuing operations As at 31 December 2005 HK$'000 (Unaudited)	As at 30 June 2005 HK$'000
Contracted but not provided for	**71,009**	123,680
Authorised but not contracted for	**44,710**	138,284
	115,719	261,964

(b) Commitments under operating leases

(i) At 31 December 2005, the Group had total future aggregate minimum lease payments under non-cancellable operating leases which expire as follows:

	Continuing operations As at 31 December 2005 HK$'000 (Unaudited)	Discontinuing operations As at 31 December 2005 HK$'000 (Unaudited)	As at 30 June 2005 HK$'000
Land and buildings			
Within one year	**265**	**153,040**	167,406
In the second to fifth year inclusive	**168**	**92,025**	98,298
After the fifth year	**-**	**36,987**	12,458
	433	**282,052**	278,162

(ii) At 31 December 2005, the Group had total future aggregate minimum lease rental receivable under non-cancellable operating leases which expire as follows:

	Continuing operations As at 31 December 2005 HK$'000 (Unaudited)	As at 30 June 2005 HK$'000
Land and buildings		
Within one year	**59**	–

20. CONTINGENT LIABILITIES

	Discontinuing operations As at 31 December 2005 HK$'000 (Unaudited)	As at 30 June 2005 HK$'000
Bank guarantees in lieu of deposits	**8,686**	8,528

Directors anticipate that no material liabilities will arise from the above bank guarantees which arose in the ordinary course of business.

21. RELATED PARTY TRANSACTIONS

The Group undertook the following material transactions with related parties, which were carried out in the normal course of the business during the period:

	Note	Six months ended 31 December 2005 Discontinuing operations (Unaudited) HK$'000	31 December 2005 Continuing operations (Unaudited) HK$'000	31 December 2004 Discontinuing operations (Unaudited) HK$'000	31 December 2004 Continuing operations (Unaudited) HK$'000
Purchase from fellow subsidiaries	(a)	**(18,617)**	**-**	(22,568)	–
Purchase of fixed assets from a related company	(a)	**(1,451)**	**-**	(2,292)	–
Service fee from a fellow subsidiary	(b)	**2,379**	**-**	433	–
Rental expenses paid to fellow subsidiaries	(c)	**(13,409)**	**-**	(13,416)	–
Loan interest paid/payable to a fellow subsidiary	(d)	**(20,374)**	**-**	(6,297)	–
Interest paid/payable for the Convertible Bond to a fellow subsidiary	(e)	**-**	**(428)**	–	(428)
Interest paid/payable for the Subscription Note to an immediate holding company	(f)	**-**	**(4,537)**	–	(4,414)
Reimbursement of office administrative expenses and fee charged from a related company	(g)	**(4,316)**	**-**	(2,770)	–

(a) Purchases were conducted in the normal course of business which are subject to the contract terms as negotiated by the parties involved.

(b) Service fee was subject to the terms of the contracts entered by the parties involved.

(c) Rental expenses were charged at a fixed monthly fee subject to the terms of the contract signed by the parties involved.

(d) The interest was charged at 0.65% above HIBOR per annum.

(e) Interest on the Convertible Bond was charged at 3% per annum and was payable semi-annually in arrears.

(f) Interest on the Subscription Note was charged at 0.75% per annum.

(g) The reimbursement of office administrative expenses was charged on actual cost basis and the fee was calculated at 15% mark-up on actual incurred.

22. BUSINESS COMBINATION

On 12 September 2005, the Company entered into a conditional sale and purchase agreement with NWC. Pursuant to the agreement, the Company agreed to acquire, and NWC agreed to dispose of, the entire issued share capital of 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. This acquisition was completed on 21 October 2005.

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 property	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.

23. SUBSEQUENT EVENT

On 8 December 2005, the Company entered into the Merger Agreement. The Merger contemplated under the Merger Agreement constitutes a very substantial disposal and a very substantial acquisition under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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 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 above-mentioned 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 as an investment in an associate, and the NWPCS Group will cease to be subsidiaries of the Company upon Completion.

The Merger is subject to Completion, the gain and loss arising from the Disposal, the purchase consideration for the Telstra CSL Acquisition and the resulting goodwill, if any, cannot be determined as at the date of this Report. 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 Report 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 Report, 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 Report.