NEW WORLD TMT

新世界信息科技有限公司*
New World TMT Limited
(incorporated in the Cayman Islands with limited liability)

Interim Results Announcement 2003/2004

The Directors of the Company announce that the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2003 were as follows:

	Note	**Unaudited Six months ended 31.12.2003**	Unaudited Six months ended 31.12.2002 (Restated)
		HK$'000	*HK$'000*
Turnover	1	**183,153**	296,145
Other operating income	2	**7,505**	153,140
Operating costs	3	**(304,742)**	(588,684)
Operating loss before financing	1	**(114,084)**	(139,399)
Finance costs		**(38,713)**	(381,153)
Share of results of associated companies		**(106,540)**	105,383
Share of results of jointly controlled entities		**(2,750)**	430,142
(Loss)/profit before taxation		**(262,087)**	14,973
Taxation	4	**(490)**	(78,394)
Loss after taxation		**(262,577)**	(63,421)
Minority interests		**(7,613)**	(38,981)
Loss for the period		**(270,190)**	(102,402)
Loss per share	6		
Basic		**HK$0.28**	HK$0.11
Diluted		**N/A**	N/A

Notes:

1. Turnover and segment information

Turnover for the period ended 31 December 2003 represents income from advertising, billboard distribution, cultural activities and public relations consulting services, net of business tax where applicable. Turnover for the prior period represented income from the operation of toll roads and bridges, income from cargo and container handling and storage, interest income from joint ventures, net of business and withholding taxes, where applicable.

Segment information

The Group focused in telecommunications, media and technology ("TMT") segment after January 2003. Previously, the Group operated in four other main business segments including energy and water treatment, toll roads, toll bridges and cargo handling.

Primary reporting format – business segments

	Six months ended 31 December 2003					
	Energy and water treatment *HK$'000*	**Toll roads** *HK$'000*	**Toll bridges** *HK$'000*	**Cargo handling** *HK$'000*	**TMT** *HK$'000*	**Group** *HK$'000*
Segment revenues	–	–	–	–	**183,153**	**183,153**
Segment results	–	–	–	–	**(74,272)**	**(74,272)**
Net unallocated costs						**(39,812)**
Operating loss before financing						**(114,084)**
Finance costs						**(38,713)**
Share of results of						
Associated companies	–	–	–	–	**(106,540)**	**(106,540)**
Jointly controlled entities	–	–	–	–	**(2,750)**	**(2,750)**

Loss before taxation	**(262,087)**
Taxation	**(490)**
Loss after taxation	**(262,577)**
Minority interests	**(7,613)**
Loss for the period	**(270,190)**

	Six months ended 31 December 2002						
	Energy and water treatment	Toll roads	Toll bridges	Cargo handling	TMT	Others	Group (Restated)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues	2,058	225,201	59,639	9,222	25	–	296,145
Segment results	(4,161)	127,899	4,284	(46,825)	(155,124)	1,402	(72,525)
Net unallocated costs							(66,874)
Operating loss before financing							(139,399)
Finance costs							(381,153)
Share of results of							
Associated companies	–	–	–	150,414	(45,031)	–	105,383
Jointly controlled entities	230,073	104,916	3,750	111,868	(20,465)	–	430,142
Profit before taxation							14,973
Taxation							(78,394)
Loss after taxation							(63,421)
Minority interests							(38,981)
Loss for the period							(102,402)

Secondary reporting format – geographical segments

	Six months ended 31.12.2003		Six months ended 31.12.2002	
	Segment revenues	**Segment results**	Segment revenues	Segment results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
China mainland	**178,920**	**(70,619)**	291,064	101,575
Hong Kong	**4,233**	**(5,526)**	5,081	51,616
Overseas	**–**	**1,873**	–	(225,716)
	183,153	**(74,272)**	296,145	(72,525)
Net unallocated costs		**(39,812)**		(66,874)
Operating loss before financing		**(114,084)**		(139,399)

2. Other operating income

	Six months ended 31.12.2003	Six months ended 31.12.2002
	HK$'000	*HK$'000*
Gain on disposal of subsidiaries	**–**	15,514
Gain on disposal of unlisted investment	**–**	118,541
Write-back of impairment loss on other investments	**2,704**	1,402
Interest income	**4,201**	13,221
Others	**600**	4,462
	7,505	153,140

3. Operating costs include the following:

	Six months ended 31.12.2003 *HK$'000*	Six months ended 31.12.2002 *HK$'000*
Impairment losses on other investments	**–**	179,997
Impairment losses on fixed assets	**–**	35,000
Provision for deposits for proposed investments	**15,146**	–
Provision for doubtful debts	**4,673**	–
Provision for an amount due from a jointly controlled entity	**1,047**	–
Provision for payments on account of proposed joint ventures	**–**	18,677
Write-down of inventories to net realizable value	**41,481**	–
Depreciation	**10,781**	118,407
Loss on disposal of non-trading securities listed outside Hong Kong	**–**	41,749
Loss on disposal of fixed assets	**45**	118
Amortization of goodwill	**227**	–
Amortization of cost of investment in co-operative joint ventures	**–**	8,929

4. Taxation

	Six months ended 31.12.2003 *HK$'000*	Six months ended 31.12.2002 *(Restated)* *HK$'000*
Company and subsidiaries		
PRC income tax	**490**	8,019
Deferred tax	**–**	(7,126)
	490	893

Associated companies		
Hong Kong profits tax	–	24,367
PRC income tax	–	27
Deferred tax	–	(820)
	–	23,574
Jointly controlled entities		
Hong Kong profits tax	–	15,519
Macau income tax	–	12,009
PRC income tax	–	13,637
Deferred tax	–	12,762
	–	53,927
	490	78,394

Hong Kong profits tax has been provided at the rate of 17.5% (six months ended 31.12.2002: 16%) on income assessable to Hong Kong profits tax. PRC and Macau income tax have been provided on the estimated assessable profits for the period at their prevailing rates of taxation.

The Group has adopted the Statement of Standard Accounting Practice 12 (revised) "Income taxes" which became effective during the current accounting period. The adoption represents a change in accounting policy, which has been applied retrospectively so that the comparatives have been restated to conform to the changed policy.

5. Dividend

The Board of Directors does not recommend the payment of an interim dividend in respect of the six months ended 31 December 2003 (six months ended 31.12.2002: nil).

6. Loss per share

The calculation of loss per share is based on the loss for the period of HK$270,190,000 (six months ended 31.12.2002: HK$102,402,000) and the weighted average of 952,180,007 (six months ended 31.12.2002: 952,180,007) shares in issue during the period.

The diluted loss per share for the period is not presented as the Company has no dilutive potential shares at period end (six months ended 31.12.2002: n/a).

REVIEW OF OPERATIONS

In the six month period ended 31 December 2003 ("the period'), New World TMT Limited ("NWTMT") completed its evolution from an infrastructure company to a new economy telecommunications, media and technology ("TMT") enterprise. The shareholders approved the Company's name change to New World TMT Limited at the Annual General Meeting held on 28 November 2003, which reflects the acceptance of the new corporate strategy. Armed with a clear focus, the NWTMT task is to take full advantage of its significant technology investments to develop opportunities in the telecom and media sectors in concurrence with regulatory guidelines established by the People's Republic of China.

With the disposal of infrastructure and cargo handling assets ("discontinued operations") in January 2003, Group activities in the period focused on the TMT Segment, whereas financial results for the six months ended 31 December 2002 ("the prior period") reflected activities in the TMT Segment as well as discontinued operations.

Beijing Xintong Media & Cultural Investment Co. Ltd. ("Xintong"), the financial results of which were consolidated for the first time in the period, accounted for most of the Group's HK$183.2 million turnover. That compared to the prior period when turnover from the TMT Segment was insignificant and discontinued operations accounted for a turnover of HK$296.1 million.

Group operating costs, even with the added costs of HK$154.1 million from Xintong, decreased to HK$304.7 million from HK$588.7 million. In the prior period, operating costs included HK$232.7 million from discontinued operations. In addition, impairment losses from TMT investments were reduced to HK$56.6 million this period, compared to HK$198.7 million in the prior period.

Operating loss before financing reached HK$114.1 million, down from HK$139.4 million in the prior period. This period loss comprised almost entirely of the operating results of the TMT Segment and corporate overheads of some HK$39.8 million. The key component of TMT Segment results included the operating profit of Xintong, the operating loss of Sun Long Group ("Sun Long") and a provision for inventory of HK$41.5 million. This compared to HK$65.7 million in operating profit of discontinued operations and a HK$155.1 million operating loss of the TMT Segment, less corporate overheads of some HK$66.9 million in the prior period. The main components of the TMT operating loss in the prior period include a loss of HK$191.4 million in respect of chinadotcom corporation, which was partly offset by gains of HK$118.5 million on the disposal of certain PRC investments.

Financing costs reduced significantly to HK$38.7 million, as average debt decreased to HK$1.86 billion after disposal proceeds of discontinued operations were used to repay borrowings. The finance costs in the prior period amounted to HK$381.2 million, reflecting a much higher average debt of HK$11.48 billion.

Most Group investments in TMT associated companies and jointly controlled entities were in the pre-commercialization phase. This is the primary reason that the TMT Segment registered a loss of HK$109.3 million in terms of associated companies and jointly controlled entities. The comparable share of results from the TMT Segment was a loss of HK$65.5 million in the prior period. However, a HK$601.0 million share of profit from discontinued operations led to a total profit of HK$535.5 million for associated companies and jointly controlled entities in the prior period.

The net loss for the Group was HK$270.2 million, compared to a loss of HK$593.3 million (net loss of HK$102.4 million less HK$490.9 million profit of discontinued operations) in the prior period. The drop in the net loss was mainly the result of reduced finance costs of HK$287.3 million (excluding the amount allocated to discontinued operations) and less corporate overheads.

Strategy

The NWTMT strategy is to deliver Personal Digital Services ("PDS") at an affordable price, on an anytime on-demand basis, to any person, household or group, at any place where they may be located, with any content.

NWTMT made significant and concerted investments in technology to fulfill its PDS vision, particularly in the area of digitalized content delivery systems for cable and satellite TV. The NWTMT anchor digital technologies are critical to secure market share in a range of PDS deployments in China, and these technologies are the foundation of the strategic plan.

Over the next few years, PRC regulatory conditions progressively favor investment in the TMT sector. As the regulatory process evolves and the TMT market is liberalized, NWTMT is positioned to create business opportunities in various areas. These projects will allow the Group to collect market intelligence to improve its invested technologies as well as to produce attractive product and service offerings that secure market share in target businesses.

Recent regulatory changes have opened the door in the Media Sector. NWTMT invested media companies are maturing in terms of revenue generation models and the potential for an exit exists in certain cases. In parallel, NWTMT will expand marketing and turnkey solution application efforts in the Telecom Sector. The Group believes its telecom projects provide marketability for the proprietary technology solutions it possesses.

Project Review

On the media front, MTone Wireless Corp., a leading mobile information service provider, is growing at double-digit rates, reaching five million paid subscribers this period. Xintong witnessed a jump in its revenues and attributable operating profit ("AOP") over the period due to the success of its expansion plans.

Progress was made in telecom related applications and services in the period. Sun Long and General Wireless Technologies Inc. ("GWTec") commenced deployment of wireless fire detection systems in Shanghai. Based on GWTec's two-way wireless technology, Sun Long is also installing e-Bus Stops in Beijing and Shenzhen and an e-Kiosk project in Wuhan. In addition, Sun Long began to integrate VoIP into its core call center business in an initiative designed to strengthen its telecom VAS product offerings. Sun Long is one of the largest commercial call center groups in Guangdong with over 600 agents.

PrediWave Corp. ("PrediWave") focuses on interactive and Pay TV technology, TV broadcasting, telecom and related ventures. PrediWave worked with multimedia content arm New World Allmedia Services Ltd. to launch digital TV operations in Fujian Province, with business development setting the stage for similar projects in Guangzhou and Hebei Province. This period NWTMT signed a strategic alliance agreement with China Aerospace International Holdings Ltd. ("CASIL"), the listed arm of Beijing-based CASIL Group, to engage in the manufacturing, sales and operations in businesses related to interactive TV and satellite digital broadcasting through China Aerospace New World Technology Ltd.

Outlook

With the restructuring program complete, the TMT focus will reward shareholders in the longer term. The media operation is expected to benefit on the back of opportunities presented by market liberalization and the Group will seek to realize its investment in mature operations. Xintong will maintain growth, increasing revenues this fiscal year. Along with the introduction of VoIP value-added services, Sun Long will open a third call center in Guangzhou (after Shenzhen and Xintang) this year.

The Group will continue to work on PrediWave rollout as planned in Fujian, Guangzhou and Hebei, with forays planned for Taiwan. NWTMT will pursue partnerships with TMT players in the global and China market to leverage technology and portfolio investments. With the digitalization process driving the cable and satellite TV business (30 million digital TV users by 2005), the catalyst of Olympic Games coverage in HDTV and changes in consumer behavior, Prediwave is positioned for launch.

Positive company specific factors are supported by macro developments. The China economy will continue to grow at a steady pace, and that bodes well for TMT products and services. The TMT sector has witnessed exponential jumps as China takes top rank in such areas as mobile subscribers, cable TV viewers and Internet users. The growth rate of the telecom industry is an example of the potential. Telecom revenues will reach Rmb730 billion by 2007, expanding at a compound annual growth rate of 12.2%. Of telecom revenues, some 49% will be delivered by the mobile sector, with 419 million mobile users out of 785 million total phone users by 2007. Meanwhile, China's data service revenues will increase from Rmb23 million in 1999 to an estimated Rmb47 billion by the end of 2005, led by the boom in SMS messaging.

A more open regulatory framework enhances TMT opportunities. The telecom sector is generally controlled by state-owned enterprises, but the VAS market is opening at a rapid rate. By 2004, there will be a complete lifting of geographic limitations on the delivery of VAS, mainly in the mobile communications, paging and Internet service fields. In addition, the ceiling for overseas equity ownership in telecom VAS will be boosted to 50% from 30% by 2005.

The liberalization process is impacting content delivery. With over 1 billion viewers, China's TV industry is the world's largest. However, the industry is too fragmented. To consolidate the industry and upgrade standards, the State Administration of Radio, Film and TV plans to transform the TV network into digital form. With publication of digital TV standards in 2003, the government expects to launch digital broadcasts in select cities by 2005. By 2008, digital commercial broadcasts will be launched in major cities and by 2015 the government will switch off the analog system. The introduction of CEPA (Cooperative Economic Partnership Agreement) in June 2003 permits greater opportunities in the telecom and media sectors for Hong Kong-based companies, such as NWTMT.

The more liberal regulatory climate with regards to the TMT sector combines with a strong macro environment to present opportunities for a focused and motivated TMT business eager to deliver shareholder value. With technology investments in place and a diverse portfolio of TMT companies, NWTMT is prepared to make its mark in the PRC.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

The cash and bank balances of the Group amounted to HK$529.2 million at 31 December 2003, compared to HK$573.7 million at 30 June 2003. Debt (total borrowings less liabilities undertaken by NWS Holdings Limited ("NWSH")) at 31 December 2003 increased to HK$2.0 billion from HK$1.62 billion at 30 June 2003 with corresponding increase in gearing ratio (being the ratio of Debt to equity) to 29% from 23%. Approximately 57% of the Debts were bank borrowings in Rmb at a fixed interest rate. The remaining debt is in HK$ at floating rates. The Debts are mainly unsecured, except for HK$439.4 million, which is secured by pledged deposits and fixed assets. The Company has undrawn facilities to meet its commitments and working capital requirements.

Contingencies

As part of the disposal of infrastructure assets, the Group's interest in Wuhan Bridge Construction Company Limited which operated the Yangtze Bridge No. 2 was sold to NWSH at book value. Toll collection at the Yangtze Bridge No. 2 has ceased since October 2002 by decree of the Wuhan municipal government which undertook to compensate the shareholders of Wuhan Bridge. The Company according to the terms of the sale will pay NWSH any shortfall of the eventual compensation amount from the book value. In case the compensation amount exceeds the book value, NWSH will pay 50% of the excess to the Company. On 12 December 2003, NWSH reached an agreement with Wuhan City Construction Fund Management Office which fixed the compensation at Rmb1.18 billion (equivalent to approximately HK$1.1 billion). Subject to the finalization of the compensation amount, the Company is expected to receive approximately HK$150 million from NWSH. The directors consider there should be no material adverse impact to the Group.

EMPLOYEES

Number of employees maintained at 73 employees as at 31 December 2003. Remuneration policy is reviewed regularly and employees may be granted share options under the Company's share option scheme based on individual performance and market practices. Education subsidies will be granted to employees taking job-related courses.

OTHER INFORMATION

The Stock Exchange of Hong Kong Limited's website will contain all information relating to the interim results announcement of the Company for the six months ended 3
1 December 2003 as required by paragraphs 46(1) to 46(6) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Chan Wing-Tak, Douglas
Managing Director

Hong Kong, 18 March 2004

* *For identification purposes only*

"Please also refer to the published version of this announcement in South China Morning Post".