新世界信息科技有限公司*
New World TMT Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 301)

ANNUAL RESULTS ANNOUNCEMENT 2003/2004

The board (the "Board") of directors (the "Directors") of New World TMT Limited (the "Company" or "NWTMT") is pleased to announce the audited annual results of the Company and its subsidiaries (the "Group") for the year ended 30 June 2004 together with comparative figures of 2003.

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2004

	Note	**2004** **HK$'000**	2003 HK$'000 (Restated)
Turnover	2	**368,847**	383,461
Other revenue		**7,254**	34,700
Other charges, net	3	**(5,105,902)**	(444,173)
Staff costs		**(82,769)**	(105,467)
Depreciation and amortization		**(41,961)**	(155,210)
Other operating expenses, net		**(451,979)**	(193,243)
Operating loss	4	**(5,306,510)**	(479,932)
Finance costs		**(82,875)**	(638,980)
Share of results of			
Associated companies		**(123,875)**	15,534
Jointly controlled entities		**(13,869)**	516,110
Loss before taxation		**(5,527,129)**	(587,268)
Taxation	5	**(737)**	(64,212)
Loss after taxation		**(5,527,866)**	(651,480)
Minority interests		**20,608**	(39,188)
Loss for the year		**(5,507,258)**	(690,668)
Dividend	6	**–**	5,145,088
Loss per share			
Basic	7	**HK$5.78**	HK$0.73
Diluted		**N/A**	N/A

Notes:

1. **Basis of preparation**

The accounts have been prepared in accordance with accounting principles generally accepted in Hong Kong and comply with accounting standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The accounts are prepared under the historical cost convention as modified by the revaluation of non-trading securities.

In the current year, the Group adopted the Statement of Standard Accounting Practice ("SSAP") 12 (revised) "Income Taxes" issued by the HKICPA which became effective during the current accounting period. The change to the Group's accounting policy on deferred taxation and the effect of adoption of the SSAP 12 are set out as follows:

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Taxation rates enacted or substantively enacted by the balance sheet date are used to determine deferred taxation.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred taxation is provided on temporary differences arising on investments in subsidiaries, associated companies and jointly controlled entities, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

In prior year, deferred taxation was accounted for at the current taxation rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the accounts to the extent that a liability or an asset was expected to be payable or recoverable in the foreseeable future. The adoption of the SSAP 12 represents a change in accounting policy, which has been applied retrospectively so that the comparatives represented have been restated to conform to the changed policy.

Reserves at 1 July 2002 have been reduced by HK$544,398,000 which represent the unprovided deferred tax liabilities. There was no effect to the reserves at 1 July 2003. The loss for the year ended 30 June 2003 has been reduced by HK$268,816,000 and release of reserves upon distribution in specie for the year ended 30 June 2003 has been increased by HK$275,582,000.

2. **Turnover and segment information**

The Group is principally engaged in telecommunications, media and technology ("TMT") businesses. Prior to the New World Group reorganization (the "Reorganization") which was completed on 29 January 2003, the Group was engaged in operation of toll roads and bridges, cargo handling, logistics and warehousing services and TMT businesses. The Group's toll roads and bridges and cargo handling, logistics and warehousing services businesses were discontinued upon the completion of the Reorganization.

Segment information

The Group focuses in TMT segment after the completion of the Reorganization. Previously, the Group was organised into five main business segments including energy and water treatment, toll roads, toll bridges, cargo handling and TMT.

In respect of geographical segment reporting, segment revenues are where the assets are located.

There are no sales or other transactions between the business and geographical segments. Unallocated costs mainly represent corporate expenses.

Primary reporting format – business segments

	Year ended 30 June 2004	Year ended 30 June 2003					
	TMT	Energy and water treatment	Toll roads	Toll bridges	Cargo handling	TMT	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenues	**368,847**	2,350	307,144	62,635	10,687	645	383,461
Segment results	**(5,216,148)**	(3,805)	229,403	(8,533)	(47,262)	(937,519)	(767,716)
Gain from the Reorganization	**–**						512,637
Provision for an amount due from a jointly controlled entity engaged in coal operation	**–**						(158,559)
Net unallocated costs	**(90,362)**						(66,294)
Operating loss	**(5,306,510)**						(479,932)
Finance costs	**(82,875)**						(638,980)
Share of results of							
Associated companies	**(123,875)**	–	–	–	172,181	(156,647)	15,534
Jointly controlled entities	**(13,869)**	251,935	161,683	3,034	130,322	(30,864)	516,110
Loss before taxation	**(5,527,129)**						(587,268)
Taxation	**(737)**						(64,212)
Loss after taxation	**(5,527,866)**						(651,480)
Minority interests	**20,608**						(39,188)
Loss for the year	**(5,507,258)**						(690,668)

Secondary reporting format – geographical segments

	Year ended 30 June 2004	
	Segment revenues	**Segment results**
	HK$'000	***HK$'000***
China mainland	**359,457**	**(2,077,559)**
Hong Kong	**9,390**	**(436,782)**
North America	**–**	**(2,701,807)**
	368,847	**(5,216,148)**
Net unallocated costs		**(90,362)**
Operating loss		**(5,306,510)**

	Year ended 30 June 2003	
	Segment revenues	Segment results
	HK$'000	*HK$'000*
		(Restated)
China mainland	377,759	(261,305)
Hong Kong	5,702	(256,898)
North America	–	(249,513)
	383,461	(767,716)
Gain from the Reorganization		512,637
Provision for an amount due from a jointly controlled entity engaged in coal operation		(158,559)
Net unallocated costs		(66,294)
Operating loss		(479,932)

3. Other charges, net

	2004	2003
	HK$'000	*HK$'000*
		(Restated)
Impairment losses on:		
Intangible assets	**(401,232)**	–
Fixed assets	**(663,663)**	(45,002)
Other investments	**(2,272,361)**	(21,349)
Provision for:		
Amounts due from jointly controlled entities	**(14,469)**	(158,559)
Amounts due from associated companies	**(113,040)**	–
Other receivables	**(29,246)**	(39,180)
Deposits for proposed investments	**(81,281)**	(122,445)
Deposits for purchase of fixed assets	**(843,869)**	–
Loans receivable	**(99,806)**	–
Loans to investee companies	**(304,201)**	–
Payments on account of proposed joint ventures	**–**	(111,635)
Write-down of inventories to net realizable value	**(291,406)**	(458,362)
Gain from the Reorganization	**–**	512,637
Gain/(loss) on disposal of:		
Fixed assets	**58**	(3,551)
Subsidiaries	**–**	84,127
Other investments	**3,876**	(201,367)
Unlisted investment	**–**	118,541
Write-back of impairment loss on other investments	**4,738**	1,972
	(5,105,902)	(444,173)

Note: Included in other charges is an amount of HK$4,392 million comprising (i) impairment losses on intangible assets and fixed assets and write-down of inventories to net realizable value totaling HK$1,310 million; and (ii) provisions for deposits for purchase of fixed assets and loans to investee companies and impairment losses on other investments totaling HK$3,082 million, all of which are the subject of the pending litigations.

4. Operating loss

Operating loss is stated after charging the following:

	2004	2003
	HK$'000	*HK$'000*
Amortization of:		
Goodwill	**509**	–
Cost of investments in co-operative joint venture	**–**	10,417
Cost of programmes	**18,533**	–
Development cost	**394**	–
Depreciation	**22,525**	144,793

5. Taxation

	2004	2003
	HK$'000	*HK$'000*
		(Restated)
Company and subsidiaries		
PRC income tax	**714**	9,632
Deferred tax	**23**	(7,702)
	737	1,930
Associated companies		
Hong Kong profits tax	**–**	28,222
PRC income tax	**–**	35
Deferred tax	**–**	(956)
	–	27,301
Jointly controlled entities		
Hong Kong profits tax	**–**	18,105
Macau income tax	**–**	15,362
PRC income tax	**–**	14,567
Deferred tax	**–**	(13,053)
	–	34,981
	737	64,212

No Hong Kong profits tax was provided for the year as the Group had no estimated assessable profit arising in or deriving from Hong Kong. In 2003, Hong Kong profits tax had been provided at the rate of 17.5% on income assessable to Hong Kong profits tax. PRC and Macau income taxes have been provided on the estimated assessable profits for the year at their prevailing rates of taxation.

6. Dividend

	2004 *HK$'000*	2003 *HK$'000* (Restated)
Special dividend	–	5,145,088

The special dividend by way of distribution in specie at the Company level of approximately HK$5,817 million represented the book value of the shares of NWS Holdings Limited ("NWSH") distributed to the shareholders of the Company on 29 January 2003. The distribution in specie at the Group level of approximately HK$5,145 million represented the net assets of NWSH and its subsidiaries shared by the Group at the date of distribution of approximately HK$4,201 million and release of goodwill and capital reserve of approximately HK$944 million. The distribution of all the NWSH ordinary shares to the shareholders of the Company formed part of the Reorganization.

The board of directors does not recommend the payment of a dividend for the year ended 30 June 2004.

7. Loss per share

The calculation of loss per share is based on the loss for the year of HK$5,507,258,000 (2003 (Restated): HK$690,668,000) and 952,180,007 (2003: 952,180,007) shares in issue during the year.

Diluted loss per share for the years ended 30 June 2003 and 2004 is not presented as the Company has no dilutive potential shares at year end.

QUALIFIED AUDITORS' REPORT

The Directors would like to draw to your attention to the fact that the auditors' report on the annual accounts of the Group for the year ended 30 June 2004 has been qualified. The relevant parts of the auditors' report that dealt with the qualification as well as the relevant notes to the accounts to which the auditors' report refers are quoted as follows:

AUDITORS' REPORT

Basis of opinion

We conducted our audit in accordance with Statements of Auditing Standards issued by the Hong Kong Institute of Certified Public Accountants, except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the accounts are free from material misstatement. However, the evidence available to us was limited as set out below.

Fundamental uncertainty and limitation of audit scope relating to pending litigations

As described in note 29 to the accounts, the Company commenced litigations against PrediWave Corporation ("PrediWave") and certain companies associated with PrediWave (collectively the "PrediWave Companies") and Mr Tony Qu, the president and founder of the PrediWave Companies. The Company was seeking recovery of various investments in and other payments made by the Group to the PrediWave Companies (the "NWTMT Complaint"). On the other hand, PrediWave also commenced litigations against the Company (the "PrediWave Complaint"), under which PrediWave alleged that the Company had failed to make full payments under certain purchase orders and an agreement of approximately US$59 million (approximately HK$459 million). PrediWave claimed damages of not less than US$58 million (approximately HK$452 million) and loss of profit of unspecified amount.

As more fully described in note 29 to the accounts, in preparing the accounts, the directors have concluded that a full provision amounting to HK$3,082 million against the Group's investments in the PrediWave Companies, loans to the PrediWave Companies and deposits paid to PrediWave (collectively the "PrediWave Assets"), is most appropriate for the purpose of the accounts for the year ended 30 June 2004. In addition, the directors have not made any provision for any commitment/ loss under the PrediWave Complaint in the accounts as they are of the view that the Company has proper and valid defences to the PrediWave Complaint.

As a result of the uncertainty of the timing and the outcome of the litigations which would have a consequential effect on the amount of assets recoverable, as well as the lack of updated meaningful financial information on the PrediWave Companies, the evidence available to us for assessing the carrying values of the PrediWave Assets, the propriety of the provisions made against the PrediWave Assets and any provision for any commitment/loss under the PrediWave Complaint was limited. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying values of the PrediWave Assets, the propriety of the provisions made against the PrediWave Assets and any provision for any commitment/loss under the PrediWave Complaint. Any adjustments to the carrying values of the PrediWave Assets or provision for any commitment/loss under the PrediWave Complaint that might have been necessary should evidence become available to us may have a consequential significant effect on the Company's and the Group's net assets at 30 June 2004 and the Group's loss for the year then ended.

Limitation of audit scope relating to other investments

Included in other investments is an unlisted equity investment of approximately HK$377 million in Intellambda Systems Inc. ("Intellambda") which was acquired by the Group during the year. Mr Tony Qu is the Chief Executive Officer of Intellambda. As described in note 19 to the accounts, sufficient financial information on Intellambda was not available to the directors. Notwithstanding that, the directors remain confident in the technology and business operation of Intellambda and consider that no provision for impairment in value of the investment in Intellambda is required. We were unable to obtain sufficient explanations and evidence relating to the future prospect of Intellambda. There were no other practical satisfactory audit procedures that we could adopt to assess the carrying value of the investment in Intellambda as at 30 June 2004. Any adjustment that might have been necessary should evidence become available to us would have a consequential impact on the Company's and the Group's net assets at 30 June 2004 and the Group's loss for the year then ended.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts. We believe that our audit provides a reasonable basis for our opinion.

Qualified opinion: Disclaimer on view given by the accounts

Because of the significance of the possible effect of the limitation in evidence available to us concerning the matters referred to in the "Basis of opinion" paragraphs, we are unable to form an opinion as to whether the accounts give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2004 or of the loss and cash flows of the Group for the year then ended. In all other respects, in our opinion the accounts have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

In respect alone of the limitation on our work relating to the matters described above, we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.

NOTES TO THE ACCOUNTS

19 Other investments

(b) Also included in other investments is an unlisted equity investment of approximately HK$377 million in Intellambda Systems Inc. ("Intellambda") which was acquired by the Group during the year. Mr Tony Qu is the Chief Executive Officer of Intellambda . Intellambda's business objective is to develop optical transport and switching platform and provide the optical networking solutions for carriers planning on building or upgrading their metro and regional infrastructures. Based on the latest financial information available to the Group, Intellambda was operating at a loss. The director nominated by the Group to Intellambda has requested for further financial information from Intellambda for the purpose of assessing the carrying value of the investment in Intellambda. However, Intellambda imposed certain conditions before it would make available further financial information to the director nominated by the Group to Intellambda. In view of the conditions imposed, no further information was obtained from Intellambda. Despite the litigation against Mr Tony Qu, the directors of the Company remain confident in the technology held by Intellambda and consider that there is no reason to believe why Mr Tony Qu would not pursue, if not harder because of the presence of the Company as a shareholder keeping a close eye on the performance, the business objective of Intellambda and make it a successful operation. As a result, the directors of the Company consider that no provision for impairment in value of the investment in Intellambda is required.

29 Pending litigations

(a) In May 2004, the Company filed complaints to the Superior Court of the State of California for the County of Santa Clara in the United States of America ("US") ("NWTMT Complaint") against the PrediWave Companies and Mr Tony Qu, the president and founder of the PrediWave Companies. Under the NWTMT Complaint, the Company alleged that, in reliance of the representations given by Mr Tony Qu and PrediWave, the Company entered into various agreements with the PrediWave Companies under which the Group invested in the PrediWave Companies and placed various purchase orders for goods and services relating to the technology (the "Technology") of video-on-demand and other digital broadcasting and related technology and added value services. The Group had paid approximately HK$5 billion to the PrediWave Companies for investments in and loans to the PrediWave Companies, and purchases of goods and services from PrediWave. The Company complained of various breaches, in relation to goods and services relating to the Technology, by Mr Tony Qu and the PrediWave Companies relating to the parties' agreements. Accordingly, the Company claimed damages for an amount to be determined at trial together with interest, rescission of all agreements, restitution of all monies obtained from the Group, punitive and exemplary damages, costs of legal proceedings and other declaratory relief and equitable relief. The total monetary amount sought by the Company in the law suit exceeds US$700 million (equivalent to approximately HK$5,460 million).

The directors have been advised by their external legal counsel that the NWTMT Complaint will not be concluded in a short period of time and the outcome of the NWTMT Complaint is uncertain.

Based on the unaudited management accounts of the PrediWave Companies as at 31 December 2003 which were obtained prior to the commencement of the NWTMT Complaint, there was a balance of approximately US$344 million (equivalent to approximately HK$2,683 million) in their bank accounts.

In June 2004, with the objective of preventing improper withdrawals of funds, Mr Jimmy Li, the director nominated by the Group to certain PrediWave Companies sought to exercise the co-signing rights in relation to withdrawals of funds in excess of US$0.5 million from the bank accounts of certain PrediWave Companies by requesting a temporary restraining order from the court. However, such request was denied by the Superior Court of the State of California for the County of Santa Clara in the US.

In August 2004, the Superior Court of the State of California for the County of Santa Clara in the US made an order in favour of Mr Jimmy Li permitting him to inspect all corporate books and records of certain PrediWave Companies. Mr Jimmy Li is assisted by an accounting firm in the US to inspect the books and records but no meaningful financial information has been extracted as of the date of approval of the accounts.

As the directors of the Company were unable to freeze the bank accounts or enforce the co-signing rights, the directors of the Company consider that they cannot effectively monitor the utilization of funds by the PrediWave Companies. Notwithstanding that the bank balances of the PrediWave Companies were approximately US$344 million as at 31 December 2003 based on their unaudited management accounts, the directors expect that the utilization of funds for legal costs and other causes beyond their control will be significant throughout the period up to the date when the NWTMT Complaint is concluded. In addition, in the absence of the availability of meaningful and updated financial information on the PrediWave Companies and given the uncertainty of the timing and the outcome of the litigation which would have a consequential effect on the amount of assets recoverable, the directors have concluded that a full provision of HK$3,082 million made against the Group's investments in the PrediWave Companies, loans to the PrediWave Companies and deposits paid to PrediWave is most appropriate for the purpose of the accounts for the year ended 30 June 2004.

(b) In May 2004, PrediWave filed complaints to the Superior Court of the State of California for the County of Los Angeles in the US against the Company (the "PrediWave Complaint"). Under the PrediWave Complaint, PrediWave alleged that the Company had failed to make full payments under three purchase orders and one agreement for goods and services delivered or licenses granted by PrediWave to the Group relating to the Technology with an outstanding amount of approximately US$59 million (equivalent to approximately HK$459 million). PrediWave claimed damages against the Company in an amount to be proved at trial, but not less than US$58 million (equivalent to approximately HK$452 million) together with interest and costs of legal proceedings, and a declaration that the Company should pay PrediWave the profits PrediWave would have received had the Company performed its obligations under various purchase order and agreements and that PrediWave should be entitled to retain the deposits made by the Company thereunder.

The directors are of the view that the Company has proper and valid defences to the PrediWave Complaint, and accordingly, no provision for commitment/loss has been accounted for in the accounts.

FINANCIAL REVIEW

For the financial year ended 30 June 2004, the Group registered a net loss of HK$5,507 million, compared to a net loss of HK$691 million in the previous year. The loss was mainly due to a major provision in respect of investments in the interactive digital cable TV business. Such investments included equity interests in PrediWave Corporation ("PrediWave") and certain companies associated with PrediWave (collectively the "PrediWave Companies"), loans to PrediWave Companies and other amounts paid for purchases of set-top boxes ("STBs"), headend servers, inventories, other equipment and software. Litigation with PrediWave Companies made it necessary to make provision for the entire equity position in and loans to PrediWave Companies along with deposits made on STBs for use in China. The Group has not been successful in launching interactive cable digital TV with the PrediWave system for causes that led to the litigation (details are set out in the extracts of note 29 to the accounts in the above). Consequently, purchased equipment, software applications, inventories and investments in Fujian Province cable TV content and service companies must be impaired or written down.

Other significant provisions were made for the investment in a mobile VAS content provider Mtone Wireless Corporation ("Mtone") and the investment in the e-Bus Stop projects held by Sunlong Group ("Sunlong"). Several lesser provisions were also taken for other investments.

Subsequent to the Reorganization of the Group, finance costs reduced to HK$83 million, compared to HK$639 million in the previous year because weighted average borrowing lowered by 71% to HK$2.21 billion for the current year from HK$7.69 billion for the previous year after the Reorganization. Benefiting from a programme to streamline operations, head office costs were reduced to HK$92 million, compared to HK$131 million in the previous year.

OPERATIONAL OVERVIEW

The Company is the telecom and media investment arm of New World Group. The Company invests in telecom and media opportunities through three divisions: TMT Telecom, TMT Media and TMT Ventures. Portfolio holdings range from a wholly owned telecom business to joint venture digital media companies and stakes in promising new technologies. As a whole, these ventures drive the ambitions of New World Group in the world's fastest growing telecom and media market.

TMT Telecom

TMT Telecom is composed of the Infrastructure and Basic Services & VAS businesses. Sunlong is the operational arm of the Basic Services & VAS business. Sunlong holds a number of licenses and marketing rights in cities across China that permit development of VAS products and Sunlong is enabled by Group technologies. The Sunlong contribution currently comes from its role as one of South China's largest call centers and in this regard Sunlong opened a second call center in Guangzhou.

The Group holds an investment in Mtone, one of China's leading mobile VAS entertainment and interactive service providers. This fiscal year, Mtone's total subscribers rose to 4.5 million, almost double the previous year. Mtone's revenue surpassed the US$28 million mark in 2004, with further growth expected for the coming year. This allowed Mtone to join a select group of mobile VAS providers that generated Rmb550 million last year on the back of 300 million mobile phone users.

TMT Media

TMT Media invests in media platforms that combine infrastructure solutions and content aggregation for satellite, cable and television network operators. TMT Media also owns a majority stake in a major advertising business.

In October 2003, a strategic alliance agreement was signed between Hong Kong-listed China Aerospace International Holdings Ltd. ("CASIL"), a subsidiary of China Aerospace Science & Technology Corp. and NWTMT. The Group subscribed a 50% interest in China Aerospace New World Technology Ltd. ("CANW") during the year. CANW focuses on interactive cable and satellite digital TV. The joint venture is in the initial stage and no revenue was registered this year.

The best contributor to attributable operating profit is Beijing Xintong Media & Cultural Development Co. Ltd. ("Xintong"), an advertising agency 51% owned subsidiary acquired by the Group during the year. Xintong operates and invests in media interests, with conventional advertising as the backbone of its business. Xintong's turnover increased from HK$89 million in the fiscal year ended June 2003 to almost HK$326 million by June 2004. Net profit followed suit with an almost 175% rise from HK$4 million to HK$11 million.

OUTLOOK 2005

The Group expects improvement in performance for the coming year. From a macro perspective, NWTMT expects to benefit from the expanding Chinese economy, improved quality of life on the Mainland, ongoing deregulation of telecom and media businesses and significant expansion in core markets.

The focus of the Group is to execute its business strategy and commercialize existing portfolio investments. A new management team will tighten financial controls, re-evaluate the portfolio and maximize return on investment with a focus on projects that deliver cash flow to drive profitability. The Group will divest assets to increase cash positions and resolve the PrediWave case in the fastest possible manner. Enterprises that fit into the business strategy will be supported and the geographical reach of these companies extended.

Sunlong revenues and contribution are expected to increase on expansion of call centers and an increase in systems integration business. Sunlong will deliver Virtual Private Network ("VPN") and Next Generation Network ("NGN") services, starting with the clients of New World Telecommunications Ltd. located on the China mainland. The VPN rollout will commence in the Pearl River Delta, the Yangtze River Delta and Beijing region. This year, development work will be completed on an NGN platform for China.

Mtone expects to maintain its fast track growth in the mobile VAS market, substantially increasing its subscriber base and revenues. This investment may soon be mature enough to spin off in a public offering.

CANW is expected to increase its revenue generating power through the rollout of STBs and the marketing of satellite TV to three-star hotels and above, high-end residential complexes, institutions and universities. CANW will increase its operating scope with a focus on pay TV, subscription VOD, stock market data, e-commerce, long distance education and SMS and CA applications.

TMT Media will establish equity partnerships with digital platforms and entities with regional broadcasting rights. This includes provision of Direct-to-Home ("DTH") TV to deliver digital services across China. TMT Media is finalizing an agreement with a licensed operator to provide Global Position System ("GPS") services in major cities and management plans to establish ventures with digital TV technology providers.

Xintong forecasts turnover and profit to grow satisfactorily this year. An aggressive business model is in place to generate revenues. Xintong plans to expand its own media channels to create profit centers and increase its focus on developing business in TV series production, Internet and mobile handset services as well as through contracts associated with the Olympics.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2004, the cash and bank balances of the Group amounted to HK$649.2 million, compared to HK$573.7 million in FY2003.

Attributable Debt at 30 June 2004 was increased to HK$2.67 billion, of which HK$1.25 billion due in FY2005 and HK$1.41 billion due in FY2006, from HK$1.62 billion at year-end FY 2003, with corresponding increases in the gearing ratio (being the ratio of Attributable Debt to equity) to 169% from 23%. The current Group bank borrowings are all in Rmb at a fixed interest rate. The borrowings are mainly unsecured, except for HK$446 million, which is secured by pledged deposits and fixed assets. In addition, NWSH has undertaken to repay the principal and interest outstanding from the Group under certain bank loan, of approximately HK$687 million (2003: HK$790 million) at 30 June 2004, from time to time as they fall due. The loan is secured by NWSH's interests in certain joint ventures in the PRC.

The Group has available to it an unsecured revolving credit facility of HK$2.7 billion with undrawn facility of approximately HK$1.3 billion granted by a fellow subsidiary. Under these circumstances, the directors consider that the Company has sufficient financial resources to meet its commitments and working capital requirements and to continue operation for the foreseeable future.

CONTINGENCIES

As part of the Reorganization, NWSH has acquired the interest in Wuhan Bridge Construction Co., Ltd. ("WBC"), a then subsidiary, from the Company at the book value as at 30 June 2002 of approximately HK$751 million (the "Book Value"), subject to adjustment depending on the net cash consideration which may be received by NWSH as compensated by the Wuhan government and/or the proceeds, if any, from the sales of the effective interest in WBC to the Chinese shareholders or the Wuhan government (the "Compensation Amount").

If the Compensation Amount exceeds the Book Value, NWSH will pay to the Company an amount equivalent to half of the amount by which the Compensation Amount exceeds the Book Value. If the Compensation Amount is less than the Book Value, the Company will pay to NWSH an amount equivalent to the amount by which the Book Value exceeds the Compensation Amount. On 12 December 2003, NWSH reached an agreement with Wuhan City Construction Fund Management Office for the disposal of WBC at a consideration of RMB1.18 billion (equivalent to approximately HK$1.10 billion). Subject to the finalization of the Compensation Amount (which is equal to the actual net proceeds), the Company is expected to receive approximately HK$150 million from NWSH. As at 30 June 2004, the Company received HK$30 million (2003: nil) from NWSH.

Details of the Group's pending litigations have been set out in the extracts of note 29 to the accounts in the above.

EMPLOYEES

The Group has 330 employees as at 30 June 2004, as compared to 229 as at 30 June 2003. Remuneration policy is reviewed yearly. Remuneration, bonus and share options are granted to employees based on individual performance and market practices. Education subsidies will be granted to employees taking job-related courses. Periodic in-house training programs are also offered.

OTHER INFORMATION

A detailed results announcement of the Group for the year ended 30 June 2004 containing all information required by paragraphs 45(1) to 45(3) of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in force prior to 31 March 2004 will be published on the website of the Stock Exchange in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises (i) three executive directors, namely Dr. Cheng Kar-Shun, Henry, Mr. Wong Chi-Chiu, Albert and Dr. Wai Fung-Man, Norman; (ii) four non-executive directors, namely Mr. Wilfried Ernst Kaffenberger (alternate director to Mr. Wilfried Ernst Kaffenberger: Mr. Yeung Kun-Wah, David), Mr. Fu Sze-Shing, Mr. Lee Sean, Sammy and Mr. Lai Hing-Chiu, Dominic; and (iii) three independent non-executive directors, namely Dr. Lam Man-Kit, Dominic, The Honourable Shek Lai-Him, Abraham and Mr. Kong Chi-How, Johnson.

Wong Chi-Chiu, Albert
Chief Executive Officer

Hong Kong, 15 October 2004

* *For identification purposes only*

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