



新世界移動控股有限公司
New World Mobile Holdings Limited
(Stock Code : 862)

Interim Report **2006/2007**



The board of directors (the "Board") of New World Mobile Holdings Limited (the "Company") presents the interim report and condensed consolidated interim financial information of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 31 December 2006. The unaudited condensed consolidated interim financial information (namely, (a) condensed consolidated income statement, (b) condensed consolidated balance sheet, (c) condensed consolidated cash flow statement, and (d) condensed consolidated statement of changes in equity) of the Group for the six months ended 31 December 2006, which are all unaudited, together with the selected explanatory notes, are set out as below. The unaudited consolidated results have been reviewed by the Audit Committee of the Board and the Company's auditors, PricewaterhouseCoopers, in accordance with Hong Kong Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2006

		Unaudited	
		Six months ended	
		31 December	
		2006	2005
	Note	HK\$'000	HK\$'000
			(As restated)
Continuing operations:			
Turnover	3	9,483	1,559
Cost of sales		(5,277)	(1,188)
Gross profit		4,206	371
Other income	4	597	180
Other gains	5	774	7,523
Selling expenses		(2,120)	(681)
Administrative expenses		(21,414)	(7,590)
Operating loss before finance costs	6	(17,957)	(197)
Finance costs	7	(52,763)	(23,819)
Operating loss		(70,720)	(24,016)
Share of results of associated companies		62,577	–
Loss before income tax		(8,143)	(24,016)
Income tax expense	8	–	–
Loss from continuing operations		(8,143)	(24,016)
Discontinued operations:			
Loss from discontinued operations	9	–	(21,632)
Loss attributable to shareholders		(8,143)	(45,648)
Dividends	10	–	–
Basic loss per share			
– Continuing operations	11	(HK\$0.09)	(HK\$0.28)
– Discontinued operations	11	N/A	(HK\$0.25)
		(HK\$0.09)	(HK\$0.53)
Diluted loss per share	11	N/A	N/A

The notes on pages 7 to 25 form an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	Note	Unaudited As at 31 December 2006 HK\$'000	Audited As at 30 June 2006 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	12	5,870	6,183
Investments in associated companies	13	2,188,086	2,142,737
Intangible assets	12	-	-
Total non-current assets		2,193,956	2,148,920
Current assets			
Trade receivables	14	2,123	4,266
Prepayments and other receivables		2,467	1,368
Amount due from an associated company		-	113,328
Amount due from a related company		761	813
Cash and bank balances		19,718	27,691
Total current assets		25,069	147,466
Total assets		2,219,025	2,296,386
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	19	18,510	16,154
Other reserves		(81,849)	(82,905)
Accumulated losses		(38,681)	(30,538)
Total equity		(102,020)	(97,289)
LIABILITIES			
Non-current liabilities			
Loans from a fellow subsidiary	16	-	278,024
Promissory note issued to a fellow subsidiary	16	-	886,749
Convertible bond	17	-	28,261
Subscription note	18	-	1,178,008
Total non-current liabilities		-	2,371,042

The notes on pages 7 to 25 form an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

As at 31 December 2006

	Note	Unaudited As at 31 December 2006 HK\$'000	Audited As at 30 June 2006 HK\$'000
Current liabilities			
Trade payables	15	228	809
Accrued charges, other payables, deposits received and deferred income		10,941	15,779
Amounts due to fellow subsidiaries		12,453	420
Amount due to an associated company		–	5,625
Loans from a fellow subsidiary	16	180,047	–
Promissory note issued to a fellow subsidiary	16	886,749	–
Convertible bond	17	28,269	–
Subscription note	18	1,202,358	–
Total current liabilities		2,321,045	22,633
Total liabilities		2,321,045	2,393,675
Total equity and liabilities		2,219,025	2,296,386
Net current (liabilities)/assets		(2,295,976)	124,833
Total assets less current liabilities		(102,020)	2,273,753

The notes on pages 7 to 25 form an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 31 December 2006*

	Unaudited	
	Six months ended	
	31 December	
	2006	2005
	HK\$'000	HK\$'000
Net cash (outflow)/inflow from operating activities of continuing and discontinued operations	(43,766)	83,583
Net cash inflow/(outflow) from investing activities of continuing and discontinued operations (Note)	130,769	(70,606)
Net cash outflow from financing activities of continuing and discontinued operations	(95,007)	(42,500)
Net decrease in cash and cash equivalents	(8,004)	(29,523)
Cash and cash equivalents at the beginning of the period	26,921	116,534
Cash and cash equivalents at the end of the period	18,917	87,011
Analysis of cash and cash equivalents:		
Cash and bank balances	19,718	87,781
Less: Restricted bank balances	(801)	(770)
	18,917	87,011

Note:

Cash flows for the six months ended 31 December 2005 comprised cash flows from both continuing and discontinued operations whereas cash flows for the six months ended 31 December 2006 are solely from continuing operations.

The notes on pages 7 to 25 form an integral part of this condensed interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY*For the six months ended 31 December 2006*

	Note	Unaudited			Total HK\$'000
		Six months ended 31 December 2006			
		Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	
Balance at 1 July 2006		16,154	(82,905)	(30,538)	(97,289)
Loss for the period		–	–	(8,143)	(8,143)
Proceeds from shares issued	19	2,356	614	–	2,970
Currency translation differences		–	442	–	442
Balance at 31 December 2006		18,510	(81,849)	(38,681)	(102,020)

	Note	Unaudited			Total HK\$'000
		Six months ended 31 December 2005			
		Share capital HK\$'000	Other reserves HK\$'000	Accumulated losses HK\$'000	
					(As restated)
Balance at 1 July 2005		300	(88,051)	(942,180)	(1,029,931)
Loss for the period		–	–	(45,648)	(45,648)
Proceeds from shares issued	19	16,154	4,846	–	21,000
Balance at 31 December 2005		16,454	(83,205)	(987,828)	(1,054,579)

The notes on pages 7 to 25 form an integral part of this condensed interim financial information.

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

On 31 March 2006, New World Mobile Holdings Limited (the "Company") disposed of its entire interests in New World PCS Holdings Limited ("NWPCS Holdings") and its subsidiaries (hereinafter collectively referred to as the "NWPCS Group") in exchange for the acquisition of 23.6% interests of the issued share capital of CSL New World Mobility Limited ("CSL NWM") and its subsidiaries (hereinafter collectively referred to as the "CSL NWM Group" which represents the enlarged group combining Telstra CSL Limited and NWPCS Group).

Before 31 March 2006, the Company and its subsidiaries (hereinafter collectively referred to as the "Group") was principally engaged in offering mobile telecommunications services including voice and data services tailored to the specific needs of individual customer groups via mobile technology in Hong Kong and technology-related business including mobile Internet services in Mainland China. After 31 March 2006, the Group is principally engaged in technology related business including mobile Internet services in Mainland China and holds 23.6% interest in the CSL NWM Group which offers mobile communications services in Hong Kong.

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is P.O. Box 309, Uglund House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies.

The Company's issued shares are listed on The Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

This unaudited condensed consolidated interim financial information for the half-year ended 31 December 2006 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 30 June 2006.

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 June 2006, as described in the annual financial statements for the year ended 30 June 2006.

In the year ended 30 June 2006, the Group early adopted the amendment to HKAS 21 "The effects of changes in foreign exchange rates – Net investment in a foreign operation". For the six months ended 31 December 2006, the Group has adopted all the remaining new standards, amendments to standards and interpretations that are currently in issue and effective for the accounting periods beginning on or after 1 January 2006. However, the adoption of these new standards does not have any significant effect on the accounting policies or results and financial position of the Group.

Certain new standards, amendments and interpretations to published standards that are mandatory for accounting periods beginning on or after 1 July 2007 but which the Group has not yet adopted, are as follows:

HKAS 1 Amendment	Capital disclosures
HKFRS 7	Financial instruments: disclosures
HKFRS 8	Operating Segments
HK (IFRIC)-Int 10	Interim reporting and impairment
HK (IFRIC)-Int 11: HKFRS 2	Group and Treasury Share Transactions

The Group has already commenced an assessment of the impact of these new standards, amendments and interpretations but is not yet in a position to state whether they would have a significant impact on its results and financial position.

3. TURNOVER AND SEGMENT INFORMATION

	Unaudited	
	Six months ended	
	31 December	
	2006	2005
	HK\$'000	HK\$'000
Technology related services	9,483	1,492
Gross rental income from an investment property	-	67
	9,483	1,559

For the six months ended and as at 31 December 2006, more than 90% of the Group's turnover, segment results, segment assets and liabilities were attributable to the provision of technology related services in Mainland China. Accordingly, no analysis by either business or geographical segment is presented.

Primary reporting format – business segments

	Unaudited			
	Six months ended 31 December 2005			
	Continuing operations			Discontinued operations
	Technology related services HK\$'000	Logistics services HK\$'000	Total HK\$'000	Mobile communications services HK\$'000 (As restated)
Turnover	1,559	–	1,559	986,938
Segment results	(5,180)	(92)	(5,272)	4,185
Other income			180	556
Unallocated corporate expenses			(2,628)	–
Reversal of impairment on investments in associated companies			7,523	–
Operating (loss)/profit			(197)	4,741
Finance costs			(23,819)	(21,793)
Loss before income tax			(24,016)	(17,052)
Income tax expense			–	(4,580)
Loss for the period			(24,016)	(21,632)

Other segment item included in the income statement is as follows:

	Unaudited			
	Six months ended 31 December 2005			
	Continuing operations			Discontinued operations
	Technology related services	Logistics services	Total	Mobile communications services
HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Depreciation	255	65	320	132,390

The segment assets and liabilities at 30 June 2006 and capital expenditure for the six months ended 31 December 2005 are as follows:

	Technology related services	Mobile communications services	Total
	Unaudited	Unaudited	Unaudited
	HK\$'000	HK\$'000	HK\$'000
Segment assets	11,292	–	11,292
Investments in associated companies	–	2,142,737	2,142,737
Unallocated assets			142,357
			<u>2,296,386</u>
Segment liabilities	6,458	–	6,458
Unallocated liabilities			2,387,217
			<u>2,393,675</u>
Capital expenditure	7,001	89,073	96,074

Segment assets consist primarily of property, plant and equipment, trade receivables, prepayments and other receivables. They exclude cash and cash equivalents for the corporate use.

Segment liabilities comprise operating liabilities. They exclude non-current liabilities.

Secondary reporting format – geographical segments

The Group's two business segments operate in two main geographical areas.

Six months ended
31 December
2005
Unaudited
HK\$'000

Turnover

Mainland China – Continuing operations	1,559
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Turnover are allocated based on the places/countries in which customers are located.

As at 30 June 2006
Audited
HK\$'000

Total assets

Hong Kong	207
Mainland China	11,085
Investments in associated companies	2,142,737
Unallocated assets	142,357
	2,296,386

The assets are allocated based on where the assets are located.

Six months ended
31 December
2005
Unaudited
HK\$'000

Capital expenditure

Hong Kong – Discontinued operations	89,073
Mainland China – Continuing operations	7,001
	96,074

Capital expenditure is allocated based on where the assets are located.

4. OTHER INCOME

	Unaudited	
	Six months ended	
	31 December	
	2006	2005
	HK\$'000	HK\$'000
Bank interest income	597	180

5. OTHER GAINS

	Unaudited	
	Six months ended	
	31 December	
	2006	2005
	HK\$'000	HK\$'000
Recovery of doubtful debts	769	–
Gain on disposal of property, plant and equipment	5	–
Reversal of impairment on investments in associated companies	–	7,523
	774	7,523

6. OPERATING LOSS BEFORE FINANCE COSTS

The following items have been charged to the operating loss before finance costs:

	Unaudited	
	Six months ended	
	31 December	
	2006	2005
	HK\$'000	HK\$'000
Auditors' remuneration		
– audit services	453	200
– non-audit services	200	–
Depreciation of property, plant and equipment	759	320
Staff costs, including directors' emoluments	10,868	3,453

7. FINANCE COSTS

	Unaudited	
	Six months ended	
	31 December	
	2006	2005
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interest on loans from a fellow subsidiary	5,476	–
Interest on promissory note issued to a fellow subsidiary	22,501	–
Interest on convertible bond	436	162
Interest on subscription note	24,350	23,657
	52,763	23,819

8. INCOME TAX EXPENSE

Taxation on profits in Mainland China has been calculated on the estimated assessable profits at tax rates ranging from 15% to 33% (2005: 15% to 33%). Hong Kong profits tax has been calculated at 17.5% (2005: 17.5%).

No provision for Mainland China taxation and Hong Kong profits tax has been made for the period as the Company and a number of its subsidiaries have no estimated assessable profit for the period and certain subsidiaries have sufficient tax losses brought forward to offset their estimated assessable profits for the period.

Share of taxation of associated companies for the six months ended 31 December 2006 of HK\$15,857,000 (2005: HK\$7,221,000) is included in the consolidated income statement as share of results of associated companies.

9. DISCONTINUED OPERATIONS

On 8 December 2005, the Group entered into a merger agreement and amendment agreements pursuant to which the Group disposed of its entire interests in the NWPCS Group to Telstra CSL Limited which has changed its name to CSL NWM, and made a cash payment of HK\$244,024,000 in exchange for the acquisition of 23.6% of the issued share capital of the CSL NWM Group representing the enlarged group combining Telstra CSL Limited and the NWPCS Group, and an amount due from CSL NWM, the associated company, of HK\$113,328,000 (the "Merger Transaction"). The Merger Transaction was approved by the shareholders of the Company at the Extraordinary General Meeting on 24 March 2006 and completed on 31 March 2006. Hence, the NWPCS Group ceased to be subsidiaries of the Group and became part of the CSL NWM Group, being the associated companies of the Group after the Merger Transaction.

An analysis of the result and cash flows of discontinued operations is as follows:

	Unaudited	
	Six months ended	
	31 December	
	2006	2005
	HK\$'000	HK\$'000
		(As restated)
Turnover	–	986,938
Other income	–	556
Operating costs	–	(982,753)
Operating profit	–	4,741
Finance costs	–	(21,793)
Loss before income tax from discontinued operations	–	(17,052)
Income tax expense	–	(4,580)
Loss after income tax from discontinued operations	–	(21,632)
Net cash generated from operating activities	–	92,603
Net cash used in investing activities	–	(88,755)
Net cash used in financing activities	–	(45,439)
Total net cash outflow from discontinued operations	–	(41,591)

An analysis of the assets and liabilities disposed of at the date of disposal, 31 March 2006, are as follows:

	<i>HK\$'000</i>
Property, plant and equipment	965,519
Deferred taxation	162,599
Rental and other deposits	5,949
Amount due from the immediate holding company	5,625
Amount due from fellow subsidiaries	1,784
Inventories	25,594
Trade receivables	107,035
Prepayment, other receivables, rental and other deposits	69,949
Bank overdraft	(384)
Trade payables	(73,251)
Other payables and accruals	(334,709)
Amount due to a related company	(40)
Asset retirement obligations	(6,699)
	<u>928,971</u>

10. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 31 December 2006 (2005: Nil).

11. BASIC AND DILUTED LOSS PER SHARE

Loss per share attributable to shareholders arises from continuing and discontinued operations as follows:

	Unaudited	
	Six months ended	
	31 December	
	2006	2005
	(As restated)	
Loss from continuing operations attributable to shareholders (HK\$'000)	(8,143)	(24,016)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (note a)	95,510,118	85,503,293
Basic loss per share for loss from continuing operations attributable to shareholders	(HK\$0.09)	(HK\$0.28)
Loss from discontinued operations attributable to shareholders (HK\$'000)	-	(21,632)
Weighted average number of ordinary shares for the purpose of calculating basic loss per share (note a)	N/A	85,503,293
Basic loss per share for loss from discontinued operations attributable to shareholders	N/A	(HK\$0.25)

Notes:

- (a) The weighted average number of ordinary shares for the purpose of calculating the loss per share has been taken into account for the 2,356,000 ordinary shares (Note 19(c)) issued from the exercise of share options during the six months ended 31 December 2006 (2005: Nil).
- (b) The deemed number of shares from the deemed conversion of the convertible bond and the subscription note has not been considered as the convertible bond and the subscription note were redeemed after the interim period ended 31 December 2006, on 4 January 2007 (Note 23).
- (c) No diluted loss per share is presented for the six months ended 31 December 2006 and 31 December 2005 as the exercise of outstanding share options would not have dilutive effect on the loss from continuing operations.

12. CAPITAL EXPENDITURE

	Property, plant and equipment	Intangible assets
	<i>HK\$'000</i>	<i>HK\$'000</i>
Six months ended 31 December 2005		
Opening net book amount at 1 July 2005	1,068,301	65,964
Acquisition of subsidiaries	2,641	6,995
Additions	89,079	–
Disposals	(10,191)	–
Depreciation and amortisation	(132,711)	–
Reclassification to assets directly associated with discontinued operations	(1,014,242)	–
Closing net book amount at 31 December 2005	2,877	72,959

Six months ended 31 December 2006

Opening net book amount at 1 July 2006	6,183	–
Additions	396	–
Disposals	(7)	–
Translation difference	57	–
Depreciation and amortisation	(759)	–
Closing net book amount at 31 December 2006	5,870	–

13. INVESTMENTS IN ASSOCIATED COMPANIES

	<i>HK\$'000</i>
Balance at 1 July 2006	2,142,737
Share of results of associated companies	62,577
Dividend received	(17,228)
Balance at 31 December 2006	2,188,086
Balance at 1 July 2005 and 31 December 2005	–

14. TRADE RECEIVABLES

The Group allows an average credit period of thirty to sixty days to its customers. At 31 December 2006 and 30 June 2006, the ageing analysis of the trade receivables was as follows:

	As at 31 December 2006 <i>HK\$'000</i> Unaudited	As at 30 June 2006 <i>HK\$'000</i> Audited
1 – 30 days	1,702	2,483
31 – 60 days	390	1,648
61 – 90 days	10	112
Over 90 days	21	23
	2,123	4,266

15. TRADE PAYABLES

At 31 December 2006 and 30 June 2006, the ageing analysis of trade payables was as follows:

	As at 31 December 2006 <i>HK\$'000</i> Unaudited	As at 30 June 2006 <i>HK\$'000</i> Audited
1 – 30 days	74	80
31 – 60 days	8	120
61 – 90 days	15	172
Over 90 days	131	437
	228	809

16. LOANS FROM AND PROMISSORY NOTE ISSUED TO A FELLOW SUBSIDIARY

Movement in loans from a fellow subsidiary is analysed as follows:

Six months ended 31 December 2006

	<i>HK\$'000</i>
Opening amount 1 July 2006	278,024
Proceeds of borrowings	30,000
Repayment of borrowings	(127,977)
Closing amount as at 31 December 2006 – current	180,047

Six months ended 31 December 2005

	<i>HK\$'000</i>
Opening amount 1 July 2005	877,500
Proceeds of borrowings	60,000
Reclassified to liabilities directly associated with discontinuing operations	(937,500)
Closing amount as at 31 December 2005	–

As at 31 December 2006, the loans from a fellow subsidiary amounted to HK\$180,047,000 (30 June 2006: HK\$278,024,000), of which HK\$116,047,000 (30 June 2006: HK\$244,024,000) was unsecured, carried interest at 0.65% above Hong Kong Interbank Offer Rate (“HIBOR”) per annum payable every three months in arrears and was repayable upon demand after eighteen months from 31 March 2006.

The remaining loans amounted to HK\$64,000,000 (30 June 2006: HK\$30,000,000) were unsecured, carried interest at 0.65% above HIBOR per annum payable every three months in arrears, and were repayable upon demand after 28 August 2007.

The promissory note issued on 30 March 2006 was unsecured, carried interest at 0.65% above HIBOR per annum payable every three months in arrears, and was repayable upon demand after eighteen months from the date of its issue.

The carrying amount of the loans from and promissory note issued to a fellow subsidiary approximated their fair values.

The loans and promissory note have been fully repaid in January 2007 (Note 23).

Interest expense on loans from and promissory note issued to a fellow subsidiary for the six months ended 31 December 2006 was HK\$5,476,000 (31 December 2005: HK\$20,374,000) and HK\$22,501,000 (31 December 2005: Nil) respectively.

17. 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 effective interest rate of the Convertible Bond was 3.1% per annum (2005: 3.1%). 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 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 share consolidation in July 2004.

The Convertible Bond was split into 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 issuance and the fair value of the liability component. The fair value of the liability component at initial recognition was calculated using a market interest rate for an equivalent non-convertible bond. The liability component is subsequently carried at amortised cost. The equity component is recognised in the reserve until the Convertible Bond is converted or redeemed. The carrying amount of the liability component of the Convertible Bond approximated its fair value.

Interest expense on the Convertible Bond for the six months ended 31 December 2006 was HK\$436,000 (31 December 2005: HK\$162,000).

The Convertible Bond has been fully repaid in January 2007 (Note 23).

18. SUBSCRIPTION NOTE

On 29 March 2004, the Company 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, representing the closing price of the last trading day of the Company's shares prior to suspension; 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 immediately 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 in 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 the 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 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.

The Subscription Note has been fully repaid in January 2007 (Note 23).

Interest expense on the Subscription Note for the six months ended 31 December 2006 was HK\$24,350,000 (31 December 2005: HK\$23,657,000).

19. SHARE CAPITAL

	The Group (note a) HK\$'000
At 1 July 2006 (note a)	16,154
Issue of shares (note c)	2,356
At 31 December 2006	18,510
At 1 July 2005	300
Issue of shares (note b)	16,154
At 31 December 2005	16,454

	The Company	
	<i>No. of shares</i>	<i>HK\$'000</i>
Authorised:		
Ordinary shares of HK\$1.00 each at 31 December 2006 and 30 June 2006	2,000,000,000	2,000,000
Issued and fully paid:		
Ordinary shares of HK\$1.00 each at 1 July 2006	95,336,069	95,336
Issue of shares (note c)	2,356,000	2,356
Ordinary shares of HK\$1.00 each at 31 December 2006	97,692,069	97,692
Ordinary shares of HK\$1.00 each at 1 July 2005	79,182,223	79,182
Issue of shares (note b)	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 Limited at the time of reverse acquisition.
- (b) 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 for acquisition of New World CyberBase Solutions (BVI) Limited.
- (c) On 28 November 2006, 156,000 ordinary shares of HK\$1.00 each were issued at HK\$1.26 each upon the exercise of share options. On 30 November 2006, 482,000 ordinary shares of HK\$1.00 each were issued at HK\$1.26 each upon the exercise of share options. On 4 December 2006, 1,640,000 and 78,000 ordinary shares were issued at HK\$1.26 each and HK\$1.276 each respectively upon exercise of share options.

20. CAPITAL COMMITMENTS

As at 31 December 2006, there was no material capital commitment (30 June 2006: Nil).

21. CONTINGENT LIABILITIES

Shanghai No.1 Intermediate People's Court issued rulings against several subsidiaries of the Group on rights infringement cases of the Group's technology related business for an aggregate amount of RMB1,041,000. The external legal counsel is opined that the court ruling is not appropriate. The subsidiaries have filed an appeal with the court to request the court to withdraw its ruling and to rule against the plaintiff to make it responsible for associated legal costs. Bank balances with the banks in Mainland China totaling HK\$801,000 (30 June 2006: HK\$804,000) which were denominated in Renminbi have been frozen under the court order.

22. 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:

	Unaudited		
	Six months ended		
	31 December 2006	31 December 2005	31 December 2005
	Continuing operations	Discontinued operations	Continuing operations
	HK\$'000	<i>HK\$'000</i>	<i>HK\$'000</i>
Purchase from fellow subsidiaries	–	(18,617)	–
Purchase of fixed assets from a related company	–	(1,451)	–
Service fee from a fellow subsidiary	–	2,379	–
Rental expenses paid to fellow subsidiaries	(375)	(13,409)	–
Loan interest paid/payable to a fellow subsidiary	(5,476)	(20,374)	–
Loan interest paid/payable to a fellow subsidiary for the promissory note	(22,501)	–	–
Interest paid/payable for the Convertible Bond to a fellow subsidiary	(428)	–	(428)
Interest paid/payable for the Subscription Note to a fellow subsidiary	(4,537)	–	(4,537)
Reimbursement of office administrative expenses and fee charged from a related company	–	(4,316)	–

23. SUBSEQUENT EVENT

On 22 November 2006, the Company and New World Development Limited (“NWD”) entered into the conditional sale and purchase agreement (the “Agreement”) in relation to the sale and purchase of the entire issued share capital of Upper Start Holdings Limited (“Upper Start”) which holds 23.6% interest in the CSL NWM Group, pursuant to which the Company has conditionally agreed to sell, and NWD has conditionally agreed to purchase or procure the purchases of the entire issued share capital of Upper Start and the entire amount of the interest free shareholder’s loan owing from Upper Start to the Company (collectively referred to as the “Disposal”). Pursuant to the Agreement, the consideration is HK\$2,500 million (the “Consideration”). All the conditions precedent to the S&P Agreement had been fulfilled on 3 January 2007 and the Disposal completed on 4 January 2007 (“Disposal Completion”). Accordingly, the CSL NWM Group ceased to be the associated companies of the Group upon Disposal Completion. The consideration of the Disposal was satisfied by way of set-off against a sum equivalent to the aggregate amount due to fellow subsidiaries, owing under the subscription note issued to PPG, the convertible bond issued to NWCBN, promissory note issued to and loans from New World Finance Company Limited, which resulting in full discharge of the subscription note, the convertible bond, the promissory note and the loans; and the remaining amount of HK\$169,547,000 has been settled in cash upon Disposal Completion.

The early extinguishment of the subscription note and the convertible bond upon Disposal Completion resulted in an estimated decrease of HK\$19,750,000 in net assets of the Group. The estimated gain on the Disposal was HK\$305,793,000.

The Company declared special dividend of HK\$1.2 per share or an aggregate amount of HK\$117,230,000 conditional to the Disposal Completion and others.



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INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS OF NEW WORLD MOBILE HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have been instructed by the Company to review the interim financial report set out on pages 7 to 25.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited requires the preparation of consolidated condensed interim financial information to be in compliance with Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on this interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

REVIEW WORK PERFORMED

We conducted our review in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

REVIEW CONCLUSION

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 December 2006.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 15 March 2007

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The continuing operations of the Group are the provision of technology related services including mobile value added business in Mainland China (the "Technology Business"). For the six months ended 31 December 2006, the Group's turnover from continuing operations was approximately HK\$9.5 million as compared to last corresponding period of approximately HK\$1.6 million for the post-acquisition period of the technology related services from 22 October 2005 to 31 December 2005. The Group recorded operating loss of approximately HK\$70.7 million before share of results of associated companies as compared to operating loss of approximately HK\$24.0 million in last corresponding period.

The increase in operating loss was attributable to the following key factors: (a) increase in finance costs from approximately HK\$23.8 million in last corresponding period to approximately HK\$52.8 million in current period; (b) part of the staff costs and administrative expenses used to be incurred by the discontinued operations before the Merger now being absorbed by the Company; and (c) a reversal of impairment provision on investments in associated companies of approximately HK\$7.5 million in last corresponding period. The increase in finance costs was due to, firstly, the inclusion of interest expense of approximately HK\$20.4 million in the loss from discontinued operations in last corresponding period for a loan from a fellow subsidiary of the discontinued operations whereas the interest expense for a promissory note issued by the Company to the same fellow subsidiary replacing the former-mentioned loan upon the merger of the NWPCS Group with the CSL NWM Group on 31 March 2006 (the "Merger") was included in loss from continuing operations in current period, secondly, new loans in aggregate amount of approximately HK\$308.0 million drawn in second half of the year ended 30 June 2006 and during current period followed by partial repayment of approximately HK\$128.0 million during current period, and thirdly the increase in interest rate as a result of higher Hong Kong Interbank Offer Rate in current period.

The Technology Business showed improvement in turnover as a result of the increase in number of subscribers when compared to the last corresponding period with an operating loss of approximately HK\$5.2 million for the current six-month period (approximately HK\$5.2 million for the post-acquisition period of around 2 months in the last corresponding period). The operating loss has not worsened partly due to the improvement in turnover and also partly due to the adoption of cost saving measures in current period.

The Group recorded share of results of associated companies of approximately HK\$62.6 million for its 23.6% interest in the CSL NWM Group (2005: Nil). On 22 November 2006, the Company and NWD entered into the conditional sale and purchase agreement (the "Agreement") in relation to the sale and purchase of the entire issued share capital of Upper Start which holds the 23.6% interest in the CSL NWM Group, pursuant to which the Company has conditionally agreed to sell, and NWD has conditionally agreed to purchase or procure the purchases of the entire issued share capital of Upper Start and the entire amount of the interest free shareholder's loan owing from Upper Start to the Company (collectively referred to as the "Disposal"). Accordingly, the CSL NWM Group ceased to be the associated companies of the Group upon the completion of the Disposal on 4 January 2007. The consideration of the Disposal enabled the Group to discharge the Subscription Note, the Convertible Bond, and promissory note issued to a fellow subsidiary and loans from the fellow subsidiary which will fall due in the year ending 30 June 2008, and also to declare special dividend of HK\$1.2 per share or an aggregate amount of approximately HK\$117,230,000 to its shareholders.

The loss attributable to shareholders for the current period amounted to approximately HK\$8.1 million when compared to approximately HK\$45.6 million in last corresponding period which comprised a loss of approximately HK\$24.0 million of the continuing operations and a loss of approximately HK\$21.6 million of the discontinued operations of the NWPCS Group.

Business Review

The mobile value added business had continued to be negatively impacted by the market environment and the tightening policy control of the mobile operators. However our two internet websites have made good progress. In the music sector, www.hanyin.com our music entertainment business reached over 140,000 registered users. We have secured relationship with 46 local and international record companies with a total of over 140 artists. We have directly signed song distribution rights with 40 artists and have been promoting their work in both the mobile and Internet environment. During the last quarter, we revamped our music blog channel, now providing 15 different music and entertainment categories of related blog contents, spreading from song of local talents and popular artists from Hong Kong and Taiwan. When the service was re-launched in November 2006 it soon became one of the major key drivers of the sites traffic growth.

In the city infotainment sector, in the last six months, the team has worked on a major face lift of our website, [Chinaquest](http://Chinaquest.com). In order to improve our brand awareness, in November 2006, we announced a change of site address to www.52tong.com and a change of the logo design to a more lively brand design concept. Furthermore, as a major step to expanding our services, we launched a classified ads channel focus on providing a platform for individuals to advertise their own information to the public. We have fully implemented the Web2.0 model which enabled users to self create and upload contents to be shared by the public. We have a total of 67 categories and after one and a half months of launched we have reached over 54,000 classified ads postings. As at beginning of February 2007, our website is ranked within 2000 of the Alexa website ranking chart.

Capital structure, liquidity and financial resources

As at 31 December 2006, total borrowings of the Group amounted to HK\$2,297.4 million (30 June 2006: HK\$2,371.0 million). These borrowings comprised Subscription Note of HK\$1,202.4 million, Convertible Bond of HK\$28.3 million, promissory note issued to a fellow subsidiary of HK\$886.7 million and loans of HK\$180.0 million. All of these borrowings were redeemed or repaid by way of set-off against the consideration of the Disposal on 4 January 2007 before their original maturity dates.

The key operations of the Group are located in Hong Kong and Mainland China. Therefore, assets and liabilities of the Group are mainly denominated in either Hong Kong dollars or Renminbi. Since no significant exposure to foreign currency losses are expected, the Group does not conduct any foreign currency hedging activities.

Employees and remuneration policy

As at 31 December 2006, the Group had a total of 107 employees (30 June 2006: 143). The reduction in number of employees is resulting from the Group's commitment to streamline operations to enhance efficiency. The Group's remuneration policy is to pay salaries competitive in the industry, in a way that is motivational, fair and equitable. The salaries are also dependent on individual and company's performance. Apart from salaries, the Group also provides other fringe benefits to employees, which include provident fund schemes, medical insurance and bonus on performance basis.

Change of controlling shareholder

Following the Disposal, NWD disposed of its controlling interests in the issued share capital of the Company to Moral Glory International Limited on 4 January 2007.

Outlook

In 2007, one of the key focus for growth will be in the area of mobile internet advertising. Currently, web advertising only represents less than 3% of the total advertising market size in China. However, according to iResearch company, the total web advertising market in China reached 812 million US dollars and expecting size to exceed 1 billion US dollars in 2007. In addition, according to China Internet Network Information Center's June 2006 report Internet users in China has reached over 123 million, a 19.4% growth from previous year. While, according to Ministry of Information Industry of PRC, mobile users are expected to reach 440 million at the end of 2006.

We believe as we see the growth of mobile and internet users continues in China and it being a significant part of everyday life, advertisers in China will begin to divert more advertising spending on the internet and mobile mediums. Thus, we will continue to enhance our mobile Internet services with a focus in music and city infotainment services.

In the music sector, we will continue to provide a forum on the internet and mobile, for local music talents to create, promote and even sell their work. In addition, we will enhance the services on this platform for music lovers to enjoy both pop music and new local music.

In the city infotainment sector, we believe that city based information services will be a key to our business expansion. We shall continue to enhance both classified ads and yellow page directory search service in terms of both quantity and quality. Enable Internet users to find first hand city based directory and map information.

Lastly, we shall also continue to seek other investment opportunities as the Board sees fit to expand our business.

INTERIM DIVIDEND

The Directors have resolved not to declare any interim dividend for the six months ended 31 December 2006 (2005: Nil).

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors' interests in securities" below, at no time during the period was the Company, its subsidiaries, its fellow subsidiaries or its holding company, a party to any arrangement to enable the directors of the Company or chief executives or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2006, the interests of the directors and their associates in shares, registered capital and underlying shares of the Company and its associated corporations as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance ("SFO") were as follows:

Long Position in Shares

The Company

	Number of shares			Total	Percentage of the issued capital as at 31 December 2006
	Personal interests	Family interests	Corporate interests		
Dr. Cheng Kar-shun, Henry	780,000	–	–	780,000	0.80
Mr. Doo Wai-hoi, William, JP	300,000	–	–	300,000	0.30
Mr. Chow Yu-chun, Alexander	482,000	–	–	482,000	0.49
Mr. Ho Hau Chong, Norman	78,000	–	–	78,000	0.07
Mr. Hui Chiu Chung, JP	78,000	–	–	78,000	0.07
Mr. Kwong Che Keung, Gordon	78,000	–	–	78,000	0.07
Mr. Lo Lin Shing, Simon	–	–	55,336,666	55,336,666	56.64
Mr. Wai Fung Man, Norman	482,000	–	–	482,000	0.49

Associated Corporations

	Number of shares/ amount of registered capital			Total	Percentage of the relevant issued/ registered capital as at 31
	Personal interests	Family interests	Corporate interests		December 2006
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	12,500,000	–	52,271,200 (note 1)	64,771,200	1.69
Mr. Doo Wai-hoi, William, JP	8,750,000	–	65,050,000 (note 2)	73,800,000	1.93
Mr. Chow Yu-chun, Alexander	6,550,000	–	–	6,550,000	0.17
New World Development Company Limited (“NWD”)					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	–	300,000	–	300,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	9,179,199	587,000	8,000,000 (note 1)	17,766,199	0.89
Mr. Doo Wai-hoi, William, JP	2,006,566	–	9,130,000 (note 2)	11,136,566	0.56
Mr. Chow Yu-chun, Alexander	1,891,701	–	–	1,891,701	0.09
Mr. Kwong Che Keung, Gordon	608,757	–	–	608,757	0.03
Faith Yard Property Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William, JP	–	–	1 (note 2)	1	50.00
Fortune Star Worldwide Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William, JP	–	–	60 (note 2)	60	60.00

	Number of shares/ amount of registered capital			Total	Percentage of the relevant issued/ registered capital as at 31 December 2006
	Personal interests	Family interests	Corporate interests		
Fung Seng Estate Development (Shanghai) Co., Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William, JP	–	–	3,000,000 <i>(note 3)</i>	3,000,000	30.00
Grand Make International Limited					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William, JP	–	–	15 <i>(note 2)</i>	15	15.00
Master Services Limited					
(Ordinary shares of US\$0.01 each)					
Mr. Chow Yu-chun, Alexander	16,335	–	–	16,335	1.63
Ramada Property Ltd.					
(Ordinary shares of US\$1.00 each)					
Mr. Doo Wai-hoi, William, JP	–	–	200 <i>(note 2)</i>	200	20.00
Shanghai Juyi Real Estate Development Co., Ltd.					
(Registered capital in RMB)					
Mr. Doo Wai-hoi, William, JP	–	–	229,500,000 <i>(note 3)</i>	229,500,000	30.00
Shanghai Trio Property Development Co. Ltd.					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William, JP	–	–	28,350,000 <i>(note 4)</i>	28,350,000	52.50
Zhaoqing New World Property Development Limited					
(Registered capital in US\$)					
Mr. Doo Wai-hoi, William, JP	–	–	8,250,000 <i>(note 5)</i>	8,250,000	60.00

	Number of shares/ amount of registered capital			Total	Percentage of the relevant issued/ registered capital as at 31 December 2006
	Personal interests	Family interests	Corporate interests		
Zhaoqing New World Property Management Limited					
(Registered capital in HK\$)					
Mr. Doo Wai-hoi, William, <i>JP</i>	–	–	300,000 (note 5)	300,000	60.00

Notes:

- (1) These shares are beneficially owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.
- (2) These shares are beneficially owned by companies wholly-owned by Mr. Doo Wai-hoi, William, *JP*.
- (3) These represent the participating interests held by a company wholly-owned by Mr. Doo Wai-hoi, William, *JP*.
- (4) These include 50% direct interest and 2.5% participating interest in the registered capital of Shanghai Trio Property Development Co. Ltd. being held by companies wholly-owned by Mr. Doo Wai-hoi, William, *JP*.
- (5) Mr. Doo Wai-hoi, William, *JP* is deemed to be interested in the registered capitals of these companies by virtue of his interest in Fortune Star Worldwide Limited, of which Mr. Doo Wai-hoi, William, *JP* owns an indirect interest of 60%.

(B) Long position in underlying shares – share options

(1) *The Company*

As at 31 December 2006, the following directors had personal interest in options to subscribe for shares of the Company granted under the share options schemes of the Company:–

Name of director	Date of grant	Number of share options					Balance as at 31 December 2006	Exercise Price HK\$	Exercise Period	Closing Price immediately before the date of grant HK\$
		Balance as at 1 July 2006	Granted during the period	Exercise during the period (Note 5)	Lapsed during the period	Adjusted during the period				
Dr. Cheng Kar Shun, Henry	28.01.2005	780,000	–	(780,000)	–	–	1,260	28.01.2005 to 31.12.2010	1,260	
Mr. Doo Wai-hoi, William, JP	28.01.2005	300,000	–	(300,000)	–	–	1,260	28.01.2005 to 31.12.2010	1,260	
Mr. Chow Yu Chun, Alexander	28.01.2005	482,000	–	(482,000)	–	–	1,260	28.01.2005 to 31.12.2010	1,260	
Mr. Ho Hau Chong, Norman	28.01.2005	78,000	–	(78,000)	–	–	1,260	28.01.2005 to 31.12.2010	1,260	
Mr. Hui Chiu Chung	28.04.2005	78,000	–	(78,000)	–	–	1,276	28.01.2005 to 31.12.2010	1,240	
Mr. Kwong Che Keung, Gordon	28.01.2005	78,000	–	(78,000)	–	–	1,260	28.01.2005 to 31.12.2010	1,260	
Mr. Lo Lin Shing, Simon	08.02.2002 (note 1)	200,000	–	–	–	200,000	2,440	09.02.2002 to 08.02.2008	N/A	
	28.01.2005	78,000	–	–	–	78,000	1,260	28.01.2005 to 31.12.2010	1,260	
Mr. To Hin Tsun, Gerald	28.01.2005	482,000	–	–	–	482,000	1,260	28.01.2005 to 31.12.2010	1,260	
Mr. Wai Fung Man, Norman	28.01.2005	482,000	–	(482,000)	–	–	1,260	28.01.2005 to 31.12.2010	1,260	
Mr. Wei Chi Kuan, Kenny (note 2)	28.01.2005	78,000	–	(78,000)	–	–	1,260	28.01.2005 to 31.12.2010	1,260	
		3,116,000	–	2,356,000	–	760,000				

Notes:

- (1) These share options were granted under the share options scheme adopted by the Company on 11 September 1998.
- (2) Mr. Wei Chi Kuan, Kenny resigned as a director of the Company on 8 September 2006.
- (3) Save for note (1) above, all share options were granted under the share option scheme adopted by the Company on 28 May 2002.
- (4) The cash consideration paid by each director for each grant of the share options was HK\$1.00
- (5) The weighted average closing price of the Company's shares immediately before the dates on which the share options were exercised during the period was HK\$2.164.

(2) NWS Holdings Limited

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited ("NWS"), the following directors of the Company have personal interests in share options to subscribe for shares in NWS and are accordingly regarded as interested in the underlying shares of NWS. Details of the share options of NWS granted to them are as follows:

Name of director	Date of grant	Exercisable period	Number of share options	
			as at 31 December 2006	Exercise price per share HK\$
Mr. Chow Yu-chun, Alexander	21 July 2003	(note)	134,944	3.711

Note: Divided into 2 tranches exercisable from 21 July 2004 and 21 July 2005 to 20 July 2008, respectively.

During the period, no share options were exercised by the above director under the share option scheme of NWS. The cash consideration paid by the director for grant of the share options is HK\$10.

Save as disclosed above, as at 31 December 2006, none of the directors, chief executive or any of their associates had or deemed to have any interest or short positions in the shares, registered capital, underlying shares and debentures of the Company or any of its associated corporations as defined in the SFO that were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or were required to be notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

DISCLOSEABLE INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS UNDER THE SFO

The register of interests in shares and short positions maintained under section 336 of the SFO showed that as at 31 December 2006, the Company had been notified of the following interests in shares representing 5% or more of the Company's issued share capital:

Name	Capacity	Interests in the Shares	Interests in physically settled equity derivatives	Approximate percentage of issued share capital as at	
				Total	31 December 2006
New World CyberBase Nominee Limited ("NWCBN")	Beneficial Owner	2,100,000	23,185,245 (note 1)	25,285,245	25.88
New World Telephone Holdings Limited ("NWTHL")	Interest of a controlled corporation	2,100,000 (note 2)	23,185,245 (note 2)	25,285,245	25.88
Power Palace Group Limited ("PPG")	Beneficial Owner	53,336,666	1,000,000,000 (note 3)	1,053,336,666	1,078.12
NWD	Interest of a controlled corporation	55,336,666 (note 4)	1,023,185,245 (note 4)	1,078,521,911	1,104.00
Chow Tai Fook Enterprises Limited ("CTF")	Interest of a controlled corporation	55,336,666 (note 5)	1,023,185,245 (note 5)	1,078,521,911	1,104.00
Centennial Success Limited ("CSL")	Interest of a controlled corporation	55,336,666 (note 6)	1,023,185,245 (note 6)	1,078,521,911	1,104.00
Cheng Yu Tung Family (Holdings) Limited ("CYTFH")	Interest of a controlled corporation	55,336,666 (note 7)	1,023,185,245 (note 7)	1,078,521,911	1,104.00
Million Dollar Trading Limited	Beneficial owner	16,091,846	–	16,091,846	16.47
New World CyberBase Limited	Interest of a controlled corporation	16,091,846 (note 8)	–	16,091,846	16.47
Moral Glory International Limited	Beneficial owner	55,336,666 (note 9)	–	55,336,666	56.64

Notes:

- (1) These 23,185,245 underlying shares represent the shares which may be issued upon the exercise of any of the conversion rights attaching to the Convertible Bond.
- (2) NWCBN is a wholly-owned subsidiary of NWTHL. Accordingly, NWTHL is deemed to be interested in the shares and underlying shares held by NWCBN.
- (3) These 1,000,000,000 underlying shares represent the shares which may be issued upon the exercise of any of the conversion rights attached to the Subscription Note.
- (4) Each of PPG and NWTHL is a wholly-owned subsidiary of NWD. Accordingly, NWD is deemed to have an interest in the shares and underlying shares held by PPG and in the shares and underlying shares deemed to be interested by NWTHL.
- (5) CTF and its subsidiaries have interests in more than one-third of the issued shares of NWD and CTF is accordingly deemed to have an interest in the shares and underlying shares.
- (6) CSL holds 100% direct interest in CTF and CSL is accordingly deemed to have an interest in the shares and underlying shares.
- (7) CYTFH holds 51% direct interest in CSL and CYTFH is accordingly deemed to have an interest in the shares and underlying shares.
- (8) Million Dollar Trading Limited is a wholly-owned subsidiary of New World CyberBase Limited. Accordingly, New World CyberBase Limited is deemed to be interested in the shares.
- (9) These shares have been conditionally acquired by Moral Glory International Limited, which is beneficially wholly-owned by Mr. Lo Lin Shing, Simon, from NWD.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 31 December 2006.

CORPORATE GOVERNANCE

The Company recognizes the value and importance to achieving high standards of corporate governance to enhance corporate performance and accountability.

The Company has applied the principles and has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") during the six months ended 31 December 2006 in all material aspects, except the deviation from the code provision A.4.1.

Code provision A.4.1

The Company has not yet adopted code provision A.4.1 which provides that non-executive directors should be appointed for a specific term, subject to re-election.

Non-executive directors (including independent non-executive directors) of the Company were not appointed for specific terms. Since the non-executive directors are subject to retirement by rotation and re-election at the annual general meeting in accordance with the Company's articles of association, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

The number of independent non-executive directors is falling below the minimum number required under the Listing Rules as at the date of this report. As disclosed in the announcement of the Company dated 1 February 2007, the Board will use its best endeavors to identify appropriate persons for appointment as the independent non-executive director, audit committee and remuneration committee members of the Company before 30 April 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding securities transactions by directors and employees who are likely to be in possession of unpublished price sensitive information of the Company on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules.

Having made specific enquiry by the Company, all directors have confirmed that they have complied with the required standard set out in such code of conduct for the period ended 31 December 2006.

AUDIT COMMITTEE

The audit committee currently comprises, Mr. Tsui Hing Chuen, William, *JP* and Mr. Lau Wai Piu (Chairman of the committee), the two independent non-executive directors of the Company.

The audit committee has reviewed the unaudited interim accounts of the Group for the six months ended 31 December 2006.

By Order of the Board
New World Mobile Holdings Limited
Lo Lin Shing, Simon
Chairman

Hong Kong, 15 March 2007

During the period and up to the date of this report, the Board comprises the following members:

Executive directors

Lo Lin Shing, Simon	(Re-designated from non-executive director to executive director with effect from 11 January 2007)
Ho Hau Chong, Norman	(Re-designated from non-executive director to executive director with effect from 11 January 2007)
Dr. Cheng Kar Shun, Henry	(Resigned on 1 February 2007)
Mr. Doo Wai Hoi, William, <i>JP</i>	(Resigned on 1 February 2007)
Dr. Wai Fung Man, Norman	(Resigned on 1 February 2007)
Mr. To Hin Tsun, Gerald	(Resigned on 1 February 2007)
Mr. Chow Yu Chun, Alexander	(Resigned on 1 February 2007)

Independent non-executive directors

Mr. Tsui Hing Chuen, William, <i>JP</i>	(Appointed on 8 September 2006)
Mr. Lau Wai Piu	(Appointed on 8 March 2007)
Mr. Hui Chiu Chung, <i>JP</i>	(Resigned on 1 February 2007)
Mr. Kwong Che Keung, Gordon	(Resigned on 1 February 2007)
Mr. Wei Chi Kuan, Kenny	(Resigned on 8 September 2006)