THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in New World Mobile Holdings Limited, you should at once hand this circular to the purchaser or transferee or to the bank manager, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

新世界移動控股有限公司
New World Mobile Holdings Limited

NEW WORLD MOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 862)

VERY SUBSTANTIAL ACQUISITION

PROPOSED TRANSFER OF THE ENTIRE INTEREST IN CYBER ON-AIR GROUP LIMITED BY INTERNATIONAL ENTERTAINMENT CORPORATION TO NEW WORLD MOBILE HOLDINGS LIMITED

A notice convening the extraordinary general meeting of New World Mobile Holdings Limited to be held at Room McKinley, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 18 April 2008 at 11:00 a.m. is set out on pages 172 to 173 of this circular. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrars of New World Mobile Holdings Limited in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so desire.

31 March 2008

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"Acquisition"	the proposed acquisition of the Sale Shares by NWM in accordance with the terms and conditions of the Agreement and the performance of the transactions contemplated under the Agreement
"Agreement"	the conditional sale and purchase agreement dated 27 December 2007 entered into between IEC as vendor and NWM as purchaser in relation to the sale and purchase of the Sale Shares
"Announcement"	the joint announcement dated 2 January 2008 issued by NWM and IEC in relation to, inter alia, the Acquisition
"associates"	has the meaning ascribed to it under the Listing Rules
"Business Day"	a day (excluding Saturday and other general holidays in Hong Kong and any day on which a tropical cyclone warning no. 8 or above or a "black" rainstorm warning signal is hoisted or remains hoisted and in effect between 9:00 a.m. and 12:00 noon and is not lowered or discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
"COAG"	Cyber On-Air Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of IEC before Completion
"COAG Group"	COAG and its subsidiaries
"Completion"	completion of the Acquisition
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	HK$2,000,000, being the consideration for the purchase of the Sale Shares
"Deed"	the deed of waiver executed by COAG in favour of IEC dated 27 December 2007 and prior to the signing of the Agreement in respect of the waiver of the Indebtedness
"Director(s)"	director(s) of NWM
"EGM"	the extraordinary general meeting of NWM to be convened for the Shareholders to consider and, if thought fit, approve the Acquisition

"Enlarged Group"	NWM and its subsidiaries immediately after Completion
"Group"	NWM and its subsidiaries before Completion
"HKFRS"	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IEC"	International Entertainment Corporation, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Growth Enterprises Market of the Stock Exchange (Stock Code: 8118)
"IEC Director(s)"	director(s) of IEC
"IEC Group"	IEC and its subsidiaries
"Indebtedness"	the indebtedness of HK$7,697,315.02 as at 27 December 2007 owed by IEC to COAG
"Latest Practicable Date"	27 March 2008, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"NWM" or "Company"	New World Mobile Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (Stock Code: 862)
"percentage ratios"	has the meaning as defined in Rule 14.07 of the Listing Rules
"PRC"	the People's Republic of China, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
"Sale Shares"	10,000 ordinary shares of HK$0.01 each in the issued share capital of COAG, representing the entire issued share capital of COAG
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

"Share(s)"	ordinary share(s) of HK$1.00 each in the share capital of NWM
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"%"	per cent.

新世界移動控股有限公司
New World Mobile Holdings Limited

NEW WORLD MOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 862)

Executive Directors:
Mr. Lo Lin Shing, Simon *(Chairman)*
Mr. Ho Hau Chong, Norman

Independent non-executive Directors:
Mr. Tsui Hing Chuen, William, *JP*
Mr. Lau Wai Piu
Mr. Lee Kee Wai, Frank

Registered office:
P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal place of business in Hong Kong:
Rooms 1502-5
New World Tower I
16-18 Queen's Road Central
Hong Kong

31 March 2008

To the Shareholders and, for information only, the holder of outstanding share options of NWM

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION

PROPOSED TRANSFER OF THE ENTIRE INTEREST IN CYBER ON-AIR GROUP LIMITED BY INTERNATIONAL ENTERTAINMENT CORPORATION TO NEW WORLD MOBILE HOLDINGS LIMITED

INTRODUCTION

On 2 January 2008, the Company announced that it had entered into the Agreement whereby IEC conditionally agreed to sell, and the Company conditionally agreed to purchase, the entire issued share capital of COAG for a cash consideration of HK$2,000,000. Immediately after Completion, COAG will cease to be a wholly-owned subsidiary of IEC and will become a wholly-owned subsidiary of the Company. The purpose of this circular is to give you (i) further information regarding the Acquisition; (ii) the notice of the EGM; and (iii) other information required under the Listing Rules.

THE AGREEMENT

Date:

27 December 2007, after trading hour

Parties:

Vendor: IEC

Purchaser: NWM

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, IEC and its ultimate beneficial owners are third parties independent of NWM and connected persons of NWM.

Assets to be acquired by NWM

Sale Shares, representing the entire issued share capital of COAG.

Consideration

Pursuant to the Agreement, the Consideration in respect of the Sale Shares of HK$2,000,000 shall be paid by NWM to IEC by way of cash upon Completion. NWM intends to fund the Consideration by its internal resources.

The Consideration was arrived at after arm's length negotiations between IEC and NWM with reference to the net asset value of the assets being acquired, the financial performance of the COAG Group in recent fiscal years and the waiver of the Indebtedness of HK$7,697,315.02. Pursuant to the Deed, in consideration of the sum of HK$1, COAG irrevocably and unconditionally waived the Indebtedness. The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Agreement (including the Consideration) are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

Conditions precedent

Completion is subject to the following conditions:

(i) the obtaining of an ordinary resolution of the Shareholders (other than those who are required to abstain from voting under the Listing Rules) either passed at a general meeting of NWM or by way of a written resolutions approving the entering into of the Agreement and the performance of the transactions contemplated thereunder by NWM;

(ii) all necessary governmental and regulatory (including the Stock Exchange) approvals or consents (or waivers) required by the parties to the Agreement or any of them for the consummation of the transactions contemplated therein having been obtained; and

(iii) all necessary third party approvals or consents (or waivers) required by the parties to the Agreement or any of them for the consummation of the transactions contemplated therein having been obtained.

All the conditions above are not waivable by the parties to the Agreement. On 29 February 2008, IEC and NWM have agreed to extend the long stop date for the fulfillment of the above conditions from 31 March 2008 to 31 May 2008. If the above conditions have not been fulfilled before 31 May 2008 (or such other date as the parties may agree), the Agreement shall have no further force and effect and the parties thereto shall have no liability thereunder.

Completion

Subject to the fulfillment of the conditions set out above, Completion will take place on the third Business Day after such fulfillment (or such other date as the parties to the Agreement may agree).

Immediately after Completion, COAG will cease to be a wholly-owned subsidiary of IEC and will become a wholly-owned subsidiary of NWM.

FINANCIAL IMPACT OF THE ACQUISITION

As illustrated in the unaudited pro forma balance sheet of the Enlarged Group as set out in Appendix IV to this circular, the net asset value of the Group (equivalent to total shareholders' equity) before and after the pro forma adjustments are both HK$50,904,000. The Directors expects that the Acquisition will not have any significant impact on the Group's net asset value upon Completion. The Directors also believe that there will be no immediate material impact on the earning position of the Group upon Completion. As illustrated in the unaudited pro forma income statement of the Enlarged Group as set out in Appendix IV to the circular, loss for the six months ended 31 December 2007 attributable to equity holders of the Company after the pro forma adjustments is HK$5,066,000 compared to that before pro forma adjustments amounting to HK$5,767,000. It is expected that the Acquisition will have a positive impact on the earnings of the Enlarged Group in the long run.

INFORMATION ON THE IEC GROUP

The principal activities of the IEC Group are hotel operations, leasing of properties for casino, ancillary leisure and entertainment operations, provision of network solutions, project services, and the acquisition, financing, production and worldwide licensing of theatrical feature films in a variety of genres and investments in production of television series, music concerts and music records.

INFORMATION ON THE COAG GROUP

COAG is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company. The COAG Group is principally engaged in the provision of network solutions and project services. For network solution, the COAG Group provides total system solution including data networking solution, synchronisation solution, timing solution, wireless local area network solution and network access control solution. For project services, the COAG Group provides infrastructure installation services for customers which include cellular base station and antenna system installation service structural cabling installation service and microwave installation service. COAG has been a wholly-owned subsidiary of IEC for a period of more than 12 months.

Set out below is the audited consolidated financial information of the COAG Group for the six months ended 30 September 2007 and for each of the two years ended 31 March 2007 and 2006 prepared in accordance with the HKFRS:

	Six months ended 30 September 2007	Year ended 31 March 2007	Year ended 31 March 2006
	HK$'000	*HK$'000*	*HK$'000*
Turnover	13,087	18,693	16,840
Profit/(loss) before taxation	834	(67)	(511)
Profit/(loss) after taxation	701	(327)	(511)

	As at 30 September 2007	As at 31 March 2007	As at 31 March 2006
	HK$'000	*HK$'000*	*HK$'000*
Net assets value (including the Indebtedness)	8,069	7,368	7,695

REASONS FOR THE ACQUISITION

The Group is principally engaged in the provision of Internet content services and telecommunication value-added services in the PRC.

As stated in the 2006/07 annual report of NWM, the mobile internet value added business, being a major revenue generator of the Group's business, was badly hit by the environmental changes of the PRC's wireless market. The management did not see a significant improvement to this situation in the near term. Consequently, revenue from this sector is expected to continue to decrease. NWM has been looking for other investment opportunities in order to maximise the return to the Shareholders. The Directors believe that the Acquisition is a viable investment and will broaden the asset and earnings base of the Group. The Directors (including the independent non-executive Directors) also consider that the terms of the Agreement (including the Consideration) are fair and reasonable and on normal commercial terms, and are in the interests of the Group and the Shareholders as a whole.

GENERAL

Given that the relevant percentage ratio is more than 100%, the Acquisition constitutes a very substantial acquisition for NWM under Chapter 14 of the Listing Rules and is conditional on the approval of the Shareholders pursuant to Rule 14.49 of the Listing Rules, where voting must be taken by poll. IEC and its associates, and any Shareholder who has a material interest in the Acquisition are required to abstain from voting on the proposed resolution approving the Acquisition at the EGM. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, IEC and its associates did not hold any Shares as at the Latest Practicable Date and no Shareholder has a material interest in the Acquisition.

EGM

The EGM will be held at Room McKinley, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 18 April 2008 at 11:00 a.m. at which an ordinary resolution will be proposed to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder, where voting must be taken by poll.

A notice convening the EGM is set out on pages 172 to 173 of this circular. A form of proxy for use by the Shareholders at the EGM is enclosed. Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrars of NWM in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so desire.

PROCEDURES TO DEMAND A POLL AT GENERAL MEETING

Pursuant to the articles of association of the Company, a resolution put to the vote at any general meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(a) by the chairman of such meeting; or

(b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or

(d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right; or

(e) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. (5%) or more of the total voting rights at such meeting.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the terms of the Agreement (including the Consideration) are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition.

ADDITIONAL INFORMATION

Your attention is drawn to certain financial information relating to the Group, the COAG Group, the Enlarged Group and other information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
New World Mobile Holdings Limited
Tang Chi Kei
Company Secretary

1. SUMMARY OF FINANCIAL INFORMATION

Set out below is a summary of the audited consolidated income statement and financial position data of the Group for the year ended 30 June 2005 as extracted from the annual report of the Company for the year ended 30 June 2006, and that for each of the years ended 30 June 2006 and 2007 as extracted from the annual report of the Company for the year ended 30 June 2007. The relevant auditor's reports for the years ended 30 June 2007, 30 June 2006 and 30 June 2005 did not contain any qualification. The summary of the unaudited condensed consolidated income statement data of the Group for the six months ended 31 December 2006 and the six months ended 31 December 2007 as extracted from the interim report of the Company for the six months ended 31 December 2007 is also set out below.

Results of the Group

	for the year ended 30 June			for the six months ended 31 December	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)			(Unaudited)	
Turnover	4,261	16,515	14,155	9,483	318
Income tax expenses	(51)	–	–	–	–
(Loss)/profit from continuing operations	(47,092)	(133,567)	293,053	(8,143)	(5,767)
Profit from discontinued operations	36,693	1,045,209	–	–	–
(Loss)/profit attributable to shareholders	(10,399)	911,642	293,053	(8,143)	(5,767)
Dividend	–	–	117,230	–	–
(Loss)/earning per share					
Basic	(HK$0.13)	HK$10.08	HK$3.03	(HK$0.09)	(HK$0.06)
Diluted	N/A	N/A	HK$3.03	N/A	(HK$0.06)
Dividend per share	–	–	HK$1.2	–	–

Assets and liabilities of the Group

	as at 30 June			as at 31 December
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Restated)			(Unaudited)
Total assets	1,641,567	2,296,386	64,418	55,356
Total liabilities	(2,671,498)	(2,393,675)	(8,732)	(4,452)
Total net (liabilities)/assets	(1,029,931)	(97,289)	55,686	50,904

In the financial year ended 30 June 2006, the Group adopted certain new/revised standards and interpretations of HKFRS issued by the Hong Kong Institute of Certified Public Accountants. The 2005 figures have been restated as required in accordance with these new/revised standards and interpretations.

Also, during the financial year ended 30 June 2006, the Group disposed of its entire interests in New World PCS Limited pursuant to a merger agreement. The results of New World PCS Limited attributable to the Group are presented above as profit from discontinued operations.

For details, please refer to the audited financial statements of the Company for the year ended 30 June 2006.

2. AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2007

The following are the audited consolidated income statement of the Group for the year ended 30 June 2007, the audited consolidated balance sheet of the Group and the audited balance sheet of the Company as at 30 June 2007, the audited consolidated statement of changes in equity of the Group and the audited consolidated cash flow statement of the Group for the year ended 30 June 2007, together with accompanying notes to the financial statements extracted from the annual report of the Company for the year ended 30 June 2007.

Consolidated Income Statement

		Year ended 30 June	
		2007	**2006**
	Note	*HK$'000*	*HK$'000*
Continuing operations:			
Turnover	*6*	14,155	16,515
Cost of sales		(5,590)	(4,842)
Gross profit		8,565	11,673
Other revenue	*9*	1,770	823
Other net gains/(losses)	*10*	312,480	(65,436)
Selling expenses		(7,234)	(9,775)
Administrative expenses		(31,515)	(35,797)
Operating profit/(loss) before finance costs	*11*	284,066	(98,512)
Finance costs	*12*	(53,590)	(62,786)
Operating profit/(loss)		230,476	(161,298)
Share of results of associated companies	*22*	62,577	27,731
Profit/(loss) before income tax		293,053	(133,567)
Income tax expense	*16*	–	–
Profit/(loss) from continuing operations		293,053	(133,567)
Discontinued operations:			
Profit from discontinued operations	*8*	–	1,045,209
Profit attributable to equity holders of the Company		293,053	911,642
Earnings/(loss) per share attributable to the equity holders of the Company during the year			
Basic earnings/(loss) per share			
– Continuing operations	*17*	HK$3.03	(HK$1.48)
– Discontinued operations	*17*	–	HK$11.56
		HK$3.03	HK$10.08
Diluted earnings per share	*17*	HK$3.03	N/A

Consolidated Balance Sheet

		As at 30 June	
		2007	**2006**
	Note	*HK$'000*	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*20*	5,383	6,183
Investments in associated companies	*22*	–	2,142,737
Intangible assets	*23*	–	–
Deferred taxation	*24*	–	–
		5,383	2,148,920
Current assets			
Trade receivables	*25*	1,185	4,266
Prepayments, deposits and other receivables		1,556	1,368
Amount due from an associated company		–	113,328
Amount due from a related company	*26*	813	813
Cash and bank balances	*27*	55,481	27,691
		59,035	147,466
Total assets		64,418	2,296,386
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*29*	97,692	16,154
Other reserves	*30*	12,901	(82,905)
Accumulated losses		(54,907)	(30,538)
Total equity/(total equity holders' deficit)		55,686	(97,289)

		As at 30 June	
		2007	**2006**
	Note	*HK$'000*	*HK$'000*
LIABILITIES			
Non-current liabilities			
Loans from a fellow subsidiary	*31*	–	278,024
Promissory note issued to a fellow subsidiary	*31*	–	886,749
Convertible bond	*31*	–	28,261
Subscription note	*31*	–	1,178,008
		–	2,371,042
Current liabilities			
Trade payables	*28*	190	809
Accrued charges, other payables, deposits received and deferred income		8,542	15,779
Amounts due to fellow subsidiaries		–	420
Amount due to an associated company		–	5,625
		8,732	22,633
Total liabilities		8,732	2,393,675
Total equity and liabilities		64,418	2,296,386
Net current assets		50,303	124,833
Total assets less current liabilities		55,686	2,273,753

Balance Sheet

		As at 30 June	
		2007	**2006**
	Note	*HK$'000*	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*20*	–	–
Investments in subsidiaries	*21*	47,335	2,497,576
		47,335	2,497,576
Current assets			
Amount due from an associated company		–	113,328
Amount due from a related company	*26*	225	225
Prepayments, deposits and other receivables		188	87
Cash and bank balances	*27*	47,445	10,564
		47,858	124,204
Total assets		95,193	2,621,780
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	*29*	97,692	95,336
Other reserves	*30*	12,062	124,143
(Accumulated losses)/retained earnings		(15,520)	16,781
Total equity		94,234	236,260
LIABILITIES			
Non-current liabilities			
Loans from a fellow subsidiary	*31*	–	278,024
Promissory note issued to a fellow subsidiary	*31*	–	886,749
Convertible bond	*31*	–	28,261
Subscription note	*31*	–	1,178,008
		–	2,371,042

		As at 30 June	
		2007	2006
	Note	*HK$'000*	*HK$'000*
Current liabilities			
Amount due to an associated company		–	5,625
Amounts due to fellow subsidiaries		–	420
Accrued charges and other payables		959	8,433
		959	14,478
Total liabilities		959	2,385,520
Total equity and liabilities		95,193	2,621,780
Net current assets		46,899	109,726
Total assets less current liabilities		94,234	2,607,302

Consolidated Cash Flow Statement

		Year ended 30 June	
		2007	**2006**
	Notes	*HK$'000*	*HK$'000*
Cash flows from operating activities			
Net cash used in operations	*32*	(39,888)	(26,304)
Interest paid		(119,973)	(16,108)
Net cash used in continuing operations		(159,861)	(42,412)
Net cash generated from discontinued operations		–	131,421
Net cash (used in)/generated from operating activities		(159,861)	89,009
Cash flows from investing activities			
Purchase of property, plant and equipment		(792)	(86)
Acquisition of subsidiaries, net of cash acquired		–	9,896
Proceeds from disposal of a subsidiary	*22 & 31*	169,547	–
Acquisition of associated company	*33*	–	(276,384)
Proceeds from disposal of subsidiaries	*34*	–	384
Dividend received from an associated company	*22*	17,228	7,523
Repayment of amount due from an associated company		113,328	–
Proceeds from sale of property, plant and equipment		24	–
Interest received	*9*	1,770	823
Net cash generated from/(used in) continuing operations		301,105	(257,844)
Net cash used in discontinued operations		–	(96,302)
Net cash generated from/(used in) investing activities		301,105	(354,146)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares		2,970	–
Dividend paid to Company's equity holders	*18*	(117,230)	–
Proceeds from loans from a fellow subsidiary		–	278,024
Net cash (used in)/generated from continuing operations		(114,260)	278,024
Repayment of bank loan and amount due to ultimate holding company of discontinued operations		–	(102,500)
Net cash (used in)/generated from financing activities		(114,260)	175,524

		Year ended 30 June	
		2007	**2006**
	Note	*HK$'000*	*HK$'000*
Net increase/(decrease) in cash and cash equivalents		26,984	(89,613)
Cash and cash equivalents as at the beginning of the year		26,921	116,534
Effect of foreign exchange rate changes		747	–
Cash and cash equivalents as at the end of the year		54,652	26,921
Analysis of cash and cash equivalents:			
Cash and bank balances		55,481	27,691
Less: Cash and bank balances with original maturities of more than three months	*27*	(829)	(770)
		54,652	26,921

Consolidated Statement of Changes in Equity

	Share capital *HK$'000*	**Other reserves** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 July 2005	300	(88,051)	(942,180)	(1,029,931)
Issue of shares	16,154	4,846	–	21,000
Disposal of subsidiaries	(300)	300	–	–
Profit for the year	–	–	911,642	911,642
At 30 June 2006	16,154	(82,905)	(30,538)	(97,289)
Issue of shares	2,356	614	–	2,970
Currency translation differences	–	839	–	839
Reversal of reserve due to early extinguishment of subscription note and convertible bond upon the Disposal *(Note 22)*	–	(26,657)	–	(26,657)
Transfer *(Notes 29 and 30(a))*	79,182	121,010	(200,192)	–
Dividend paid *(Note 18)*	–	–	(117,230)	(117,230)
Profit for the year	–	–	293,053	293,053
At 30 June 2007	97,692	12,901	(54,907)	55,686

Notes to the Financial Statements

1 GENERAL INFORMATION

New World Mobile Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in technology related business including mobile Internet services in Mainland China.

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

The Company is listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in thousands of units of Hong Kong dollars (HK$'000), unless otherwise stated. The consolidated financial statements have been approved for issue by the Board of Directors on 10 October 2007.

2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

3 PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) The adoption of new/revised HKFRS

For the year ended 30 June 2007, the Group adopted the below new standards, amendments to published standards and interpretations of HKFRS, which are relevant to its operations.

HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation
HKAS 39 (Amendments)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions and The Fair Value Option
HKAS 39 and HKFRS 4 (Amendments)	Financial Instruments: Recognition and Measurement and Insurance Contracts – Financial Guarantee Contracts
HKFRS – INT 4	Determining whether an Arrangement contains a Lease
HK (IFRIC) – INT 8	Scope of HKFRS 2
HK (IFRIC) – INT 9	Reassessment of Embedded Derivatives

The adoption of amendments to HKAS 21, 39, HKFRS 4, HKFRS Interpretation 4 and HK(IFRIC) Interpretation 8 and 9 did not result in substantial changes to the Group's accounting policies. In summary:

The amendment to HKAS 21 relates to circumstances under which loans from fellow subsidiaries can be regarded as part of net investment in a foreign operation, hence the exchange differences arising on those loans should be recorded directly.

The amendments to HKAS 39 and HKFRS 4 on financial guarantee contracts introduce a requirement to recognise the fair value of financial guarantee issued under HKAS 39, unless the entity has previously asserted that it regards such contracts as insurance contracts.

The amendment to HKAS 39 on cash flow hedge accounting of forecast intragroup transactions specifically permits hedge accounting to be adopted in consolidated financial statements in respect of the foreign exchange risk of a highly probable forecast intragroup transaction, but only if the transaction is denominated in a currency other than the functional currency of the entity entering into that transaction and if the foreign currency risk will affect consolidated profit or loss.

The amendment to HKAS 39 on the fair value option restricts the circumstances under which the fair value option in HKAS 39 can be taken advantage of, compared to the original HKAS 39.

HKFRS – INT 4 looks at the question as to whether certain supply arrangements contain in substance a lease that should be recognised by both the lessor and lessee in accordance with HKAS 17 "Leases".

HK (IFRIC) – INT 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2.

HK (IFRIC) – INT 9, requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required.

Certain new standards, amendments and interpretations to existing standards have been published but are not effective for current financial year and have not been early adopted, are as follows:

HKAS 1 (Amendment)	Presentation of Financial Statements – Capital Disclosures[1]
HKAS 23 (Revised)	Borrowing Costs[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK (IFRIC) – INT 10	Interim Financial Reporting and Impairment[3]
HK (IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions[4]
HK (IFRIC) – INT 12	Service Concession Arrangements[5]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 January 2009.
[3] Effective for annual periods beginning on or after 1 November 2006.
[4] Effective for annual periods beginning on or after 1 March 2007.
[5] Effective for annual periods beginning on or after 1 January 2008.

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

(b) Group accounting

(i) Consolidation

The consolidated financial statements of the Group include the financial statements of the Company and all its direct and indirect subsidiaries made up to 30 June.

To comply with the Chinese laws and regulations that prohibit or restrict foreign ownership of companies that provide wireless value-added telecommunications services (the "VAS"), which includes wireless Internet services and Internet content services, the Group conducts substantially all of its VAS operations through 上海易圖通信息技術有限公司, 南京逆火軟件有限公司 and 北京新世界科技發展有限公司 and its subsidiaries (collectively the "Variable Interest Entities"). They are legally owned by certain citizens of the People's Republic of China (the "PRC") or the PRC local company whose equity interest are beneficially owned by citizens of the PRC (collectively "the Registered Shareholders").

Certain contractual arrangements have been made among Shanghai New Era Link Telecom Technology Co., Ltd ("Shg TDT"), a subsidiary of the Company, the Variable Interest Entities and the Registered Shareholders so that the decision–making rights and operating and financing activities of these Variable Interest Entities are ultimately controlled by Shg TDT. Shg TDT is also entitled to all of the operating profits and residual benefits generated by the Variable Interest Entities under these arrangements. In particular, the Registered Shareholders are required under their contractual arrangements with the Group to transfer these interests in the Variable Interest Entities to Shg TDT or Shg TDT's designee upon Shg TDT's request at a pre-agreed nominal consideration.

The Group has granted loans to the Registered Shareholders to finance their investments in the Variable Interest Entities. The direct equity interest in the Variable Interest Entities has been pledged as collateral for the loans.

As a result, the Variable Interest Entities are accounted for as subsidiaries of the Group for accounting purposes.

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair values of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The gain or loss on the disposal of a subsidiary represents the difference between the proceeds of the sale and the Group's share of its net assets.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(ii) Associated companies

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary or associated company at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associated companies is included in investments in associated companies. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Property, plant and equipment are depreciated at rates sufficient to write off their cost less accumulated impairment losses over their estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Computer equipment	20%
Furniture and fittings	20%
Leasehold improvements	shorter of the lease term or 20%
Motor vehicles	20%
Testing equipment	33.33%
Digital, switching and transmission system	10% – 20%

Building situated in leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion.

Historical costs of property, plant and equipment include expenditures that are directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within other net gains/(losses), in the income statement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(d) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(e) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement within administrative expenses.

(f) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

(g) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(h) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(i) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to eligible employees, the assets of which are held in separate trustee administered funds. The Group's contribution to the defined contribution retirement schemes are expensed as incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions.

(iii) Bonus

Provisions for bonus due wholly within twelve months after balance sheet date are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iv) Share-based compensation

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

(j) Deferred taxation

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 consolidated financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

(k) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(l) Revenue recognition

The Group derives technology related services revenue from the provision of value-added telecommunications services ("VAS"). The Group recognises its revenue net of applicable business taxes and other related taxes. Revenue from the provision of outsourcing services is recognised when services are rendered. Wireless VAS revenue is derived principally from providing mobile phones users with short messaging services, multimedia messaging services and wireless application protocol. These services are substantially billed on a monthly subscription basis or a per message basis (the "Service Fees"). These services are predominately delivered through the platforms of various subsidiaries of China Mobile Communications Corporation and they also collect the Service Fees on behalf of the Group.

Interest income is recognised on a time proportion basis using the effective interest method.

(m) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

(n) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(o) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(c) all resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(p) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(q) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors as appropriate.

4 FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk, liquidity risk and cash flow and fair value interest rate risks.

The Group's risk management program seeks to minimise the potential adverse effects of financial risks on the Group's performance.

(i) Foreign exchange risk

The Group operates mainly in the PRC and Hong Kong. The exchange rate of Reminbi to HK dollars is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. At present, the Group does not have any financial instruments for hedging purposes.

Foreign exchange risk arises when future commercial transactions, recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The executive Directors are responsible for managing the net position in each foreign currency.

(ii) Credit risk

The Group has concentration of credit risk. Sales of services to the top five customers constituted 100% of the Group's turnover for the year ended 30 June 2007.

The executive Directors consider that the Group's exposure to bad debts is not significant since the Group primarily trades with reputable and creditworthy customers. In addition, the Group has credit policies in place to ensure that sales of services are made to customers with appropriate credit history. Collection of outstanding receivable balances is closely monitored on an ongoing basis.

(iii) Liquidity risk

The Group monitors current and expected liquidity requirements to ensure sufficient cash are maintained.

(iv) Cash flow and fair value interest rate risks

As the Group has no significant interest-bearing assets, the Group's income and operating cash flow are substantially independent of changes in market interest rates.

At the year end, the Group had no borrowings.

4.2 Fair value estimation

The nominal value less impairment provision of trade receivables and payables approximates their fair values.

5 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage and wear and tear of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

(b) Impairment of receivables

The executive Directors determine the provision for impairment of trade and other receivables based on the credit history of its customers and the current market condition. The Group reassess the provision on each of the balance sheet date.

Significant judgement is exercised on the assessment of the collectibility of trade receivables from each customer. In making its judgement, management considers a wide range of factors such as results of follow-up procedures performed by sales personnel, customer payment trends including subsequent payments and customers' financial position. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

6 TURNOVER

The Group is principally engaged in the provision of technology related services. Turnover recognised during the year are as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Technology related services	14,155	16,381
Gross rental income from an investment property	–	134
	14,155	16,515

7 SEGMENT INFORMATION

(a) Primary reporting format – business segments

For the year ended 30 June 2007, the Group only operates in one business segment, which is the technology related business.

The segment results for the year ended 30 June 2007 are as follows:

	Technology related services	Unallocated	Total
	HK$'000	*HK$'000*	*HK$'000*
Turnover	14,155	–	14,155
Segment results	(15,279)	(14,905)	(30,184)
Other revenue	–	1,770	1,770
Other net gains	–	312,480	312,480
Operating profit			284,066
Finance costs	–	(53,590)	(53,590)
Operating profit			230,476
Share of results of associated companies	–	62,577	62,577
Profit before income tax expense			293,053
Income tax expense	–	–	–
Profit attributable to equity holders of the Company			293,053
Other segment information			
Depreciation	1,170	272	1,442
Capital expenditures	116	676	792
Gain on disposal of a subsidiary	–	305,790	305,790
Reversal of impairment of trade receivables	1,079	–	1,079

The segment results for the year ended 30 June 2006 are as follows:

	Continuing			Discontinued
	Technology related services	**Unallocated**	**Total**	**Mobile communications services**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Turnover	16,515	–	16,515	1,402,827
Segment results	(14,759)	(19,140)	(33,899)	60,706
Other revenue	–	823	823	716
Other net (losses)/gains	(72,959)	7,523	(65,436)	1,022,979
Operating (loss)/profit			(98,512)	1,084,401
Finance costs	–	(62,786)	(62,786)	(34,319)
Operating (loss)/profit			(161,298)	1,050,082
Share of results of associated companies	–	27,731	27,731	–
(Loss)/profit before income tax			(133,567)	1,050,082
Income tax expense	–	–	–	(4,873)
(Loss)/profit attributable to equity holders of the Company			(133,567)	1,045,209
Other segment information				
Depreciation	867	129	996	198,703
Capital expenditures	86	–	86	97,354
Provision for/(reversal of) impairment of				
– intangible assets	72,959	–	72,959	–
– investments in associated companies	–	(7,523)	(7,523)	–
– trade receivables	215	–	215	8,706

The segment assets and liabilities as at 30 June 2007 are as follows:

	Technology related services	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	9,050	55,368	64,418
Segment liabilities	7,624	1,108	8,732

The segment assets and liabilities as at 30 June 2006 are as follows:

	Technology related services	**Unallocated**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	11,292	142,357	153,649
Investments in associated company	–	2,142,737	2,142,737
Segment liabilities	6,458	2,387,217	2,393,675

(b) Secondary reporting format – geographical segments

The Group is operating in two main geographical areas:

Hong Kong: Technology related services for financial year 2007

Mobile communications services, which are classified as discontinued operations, and technology related services for financial year 2006

Mainland China: Technology related services

There are no sales or other transactions between the geographical segments.

	Segment assets	
	As at 30 June 2007	**As at 30 June 2006**
	HK$'000	*HK$'000*
Hong Kong	55,318	142,564
Mainland China	9,100	11,085
	64,418	153,649

	Turnover		Capital expenditure	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong				
– continuing	–	–	676	–
– discontinued	–	1,402,827	–	97,354
Mainland China	14,155	16,515	116	86
	14,155	1,419,342	792	97,440

8 DISCONTINUED OPERATIONS

In prior year, the Group entered into a merger agreement and amendment agreements (collectively the "Merger Agreement") pursuant to which the Group disposed of its entire interests in New World PCS Holdings Limited ("NWPCS Holdings") to Telstra CSL Limited which has changed its name to CSL New World Mobility Limited ("CSL NWM") and made a cash payment of HK$244 million in exchange for the acquisition of 23.6% of the issued share capital of CSL NWM and its subsidiaries (collectively the "CSL NWM Group" representing the enlarged group combining Telstra CSL Limited and its subsidiaries and NWPCS Holdings and its subsidiaries (the "NWPCS Group")), and an amount due from CSL NWM, the then associated company, of HK$113,328,000. Hence, the NWPCS Group ceased to be subsidiaries of the Group. The Merger Agreement was approved by the shareholders of the Company at the Extraordinary General Meeting on 24 March 2006 and completed on 31 March 2006.

An analysis of the results and cash flows of the discontinued operations for the financial year 2006 is as follows:

	2006
	HK$'000
Turnover	1,402,827
Cost of sales	(836,095)
Gross profit	566,732
Other revenue	716
Other losses	(545)
Selling expenses	(85,313)
Administrative expenses	(420,168)
Operating profit	61,422
Finance costs	(34,319)
Gain on disposal of subsidiaries	1,022,979
Profit before income tax	1,050,082
Income tax expense	(4,873)
Profit from discontinued operations	1,045,209
Net cash inflow from operating activities	131,421
Net cash outflow from investing activities	(96,302)
Net cash outflow from financing activities	(102,500)
Total net cash outflow	(67,381)

9 OTHER REVENUE

	2007	**2006**
	HK$'000	*HK$'000*
Bank interest income	1,770	823

10 OTHER NET GAINS/(LOSSES)

	2007	**2006**
	HK$'000	*HK$'000*
Loss on disposal of property, plant and equipment	(218)	–
Gain on early extinguishment of non-current liabilities *(Note 22)*	6,908	–
Gain on disposal of a subsidiary *(Note 22)*	305,790	–
Impairment loss on intangible assets	–	(72,959)
Reversal of impairment on investment in an associated company	–	7,523
	312,480	(65,436)

11 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after crediting and charging the following:

	2007	2006
	HK$'000	*HK$'000*
Auditor's remuneration	700	1,347
Depreciation of property, plant and equipment	1,442	996
Net exchange (gains)/losses	(235)	384
Operating lease rentals for land and buildings	1,729	1,021
Provision for impairment of trade receivables	–	215
Staff costs, including directors' emoluments *(Note 13)*	16,204	20,213

12 FINANCE COSTS

	2007	2006
	HK$'000	*HK$'000*
Interest on loans from a fellow subsidiary	5,544	3,618
Interest on promissory note issued to a fellow subsidiary	22,855	11,499
Interest on convertible bond	443	860
Interest on subscription note	24,748	46,809
	53,590	62,786

13 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2007	2006
	HK$'000	*HK$'000*
Wages and salaries	11,514	12,182
Bonuses	2,736	6,165
Pension costs – defined contribution plans	1,954	1,866
	16,204	20,213

14 DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Directors' emoluments

The aggregate amounts of emoluments paid and payable to directors of the Company during the year are as follows:

	2007	2006
	HK$'000	*HK$'000*
Fees	682	780
Other emoluments:		
Salaries and allowances	1,954	3,000
Bonuses	2,485	6,505
Pension costs – defined contribution plans	131	225
	5,252	10,510

Note: For the financial year ended 2006, HK$5,786,000 was included in staff costs of loss from continuing operations and included in note 13 presented above. Remaining HK$4,724,000 was included in profit from discontinued operations.

None of the directors of the Company waived any emoluments during the year and prior year.

Details of the emoluments paid and payable to the directors of the Company are as follows:

	Year ended 30 June 2007				
Name of Director	Fees	Salaries and allowances	Bonuses	Pension costs	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Dr. Wai Fung Man, Norman *	30	1,954	1,775	131	3,890
Dr. Cheng Kar Shun, Henry *	71	–	–	–	71
Mr. Doo Wai Hoi, William, *JP* *	30	–	–	–	30
Mr. To Hin Tsun, Gerald *	30	–	355	–	385
Mr. Chow Yu Chun, Alexander *	30	–	355	–	385
Mr. Lo Lin Shing, Simon	70	–	–	–	70
Mr. Ho Hau Chong, Norman	70	–	–	–	70
Independent Non-Executive Directors					
Mr. Wei Chi Kuan, Kenny (Resigned on 8 September 2006)	53	–	–	–	53
Mr. Kwong Che Keung, Gordon *	71	–	–	–	71
Mr. Hui Chiu Chung, *JP* *	71	–	–	–	71
Mr. Tsui Hing Chuen, William, *JP*	97	–	–	–	97
Mr. Lau Wai Piu	38	–	–	–	38
Mr. Lee Kee Wai, Frank	21	–	–	–	21
	682	1,954	2,485	131	5,252

	Year ended 30 June 2006				
Name of Director	**Fees**	**Salaries and allowances**	**Bonuses**	**Pension costs**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive Directors					
Dr. Wai Fung Man, Norman *	50	3,000	5,305	225	8,580
Dr. Cheng Kar Shun, Henry *	120	–	–	–	120
Mr. Doo Wai Hoi, William, *JP* *	50	–	–	–	50
Mr. To Hin Tsun, Gerald *	50	–	600	–	650
Mr. Chow Yu Chun, Alexander *	50	–	600	–	650
Non-Executive Directors					
Mr. Lo Lin Shing, Simon #	50	–	–	–	50
Mr. Ho Hau Chong, Norman #	50	–	–	–	50
Independent Non-Executive Directors					
Mr. Wei Chi Kuan, Kenny (Resigned on 8 September 2006)	120	–	–	–	120
Mr. Kwong Che Keung, Gordon *	120	–	–	–	120
Mr. Hui Chiu Chung, *JP* *	120	–	–	–	120
	780	3,000	6,505	225	10,510

* *They have resigned as executive Directors or independent non-executive Directors of the Company on 1 February 2007.*

\# *Mr. Lo Lin Shing, Simon and Mr Ho Hau Chong, Norman have been re-designated as executive Directors from non-executive Directors of the Company on 1 February 2007.*

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2006: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2006: four) individuals during the year are as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Salaries and allowances	1,459	4,636
Bonuses	192	2,188
Pension costs – defined contribution plans	75	281
	1,726	7,105

The emoluments of the individuals fell within the following bands:

	Number of individuals 2007	2006
Emolument bands		
Below HK$1,000,000	4	–
HK$1,000,001 to HK$1,500,000	–	2
HK$1,500,001 to HK$2,000,000	–	1
HK$2,000,001 to HK$2,500,000	–	1

15 RETIREMENT BENEFITS

The Group contributes to two defined contribution retirement schemes in Hong Kong which include an Occupational Retirement Scheme (the "ORSO Scheme") and a mandatory provident fund scheme (the "MPF Scheme"). Under the ORSO Scheme, the employees are required to contribute 5% of their monthly salaries, while the Group's contributions are calculated at a range from 5% to 10% of the monthly salaries of employees. The employees are entitled to 100% of the employer's contributions after 10 years of completed service, or at a reduced scale after completion of 3 to 9 years of service. Contributions to the ORSO Scheme are reduced by contributions forfeited by those employees who leave the ORSO Scheme prior to vesting fully in the Group's contributions.

The MPF Scheme has been established under Hong Kong Mandatory Provident Fund Scheme Ordinance in December 2000. The then existing employees of the Group in Hong Kong could elect to join the MPF Scheme, while all new employees joining the Group in Hong Kong from then onwards are required to join the MPF Scheme. The employees are required to contribute 5% of each individual's relevant income with a maximum amount of HK$1,000 per month as a mandatory contribution, while the Group's contribution are calculated at a range from 5% to 10% of each individual's relevant income. Employer's mandatory contributions are 100% vested in the employees as soon as they are paid to the MPF Scheme. Employees may also elect to contribute more than the minimum as a voluntary contribution.

The Group also contributes to employee pension schemes established by municipal government in respect of certain subsidiaries in the PRC.

The aggregate employer's contributions, net of forfeited contributions, which have been dealt with in the consolidated income statement during the year are as follows:

	2007 *HK$'000*	2006 *HK$'000*
Gross scheme contributions	1,954	6,272
Less: Forfeited contributions utilised to offset contributions for the year	–	(643)
Net scheme contributions	1,954	5,629
Less: Amount included in discontinued operations	–	(3,763)
Net scheme contributions of continuing operations	1,954	1,866

As at 30 June 2007, no forfeited contributions were available to reduce future contributions (2006: Nil). No contributions were payable by the Group as at 30 June 2007 (2006: Nil).

16 INCOME TAX EXPENSE

No provision for Hong Kong profits tax and overseas taxation (2006: Nil) has been made for the year as the Company and a number of its subsidiaries have no assessable profit for the year and certain subsidiaries have sufficient tax losses brought forward to offset their estimated assessable profit for the year.

The taxation on the Group's operating profit/(loss) before share of results of associated companies differs from the theoretical amount that would arise using the taxation rate of the home country of the consolidated entities as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Operating profit/(loss) before share of results of associated companies	230,476	(161,298)
Calculated at a taxation rate of	17.5%	17.5%
Notional tax charge/(credit) on operating profit/(loss)	40,334	(28,227)
Effect of different taxation rates in other countries	(1,927)	(2,195)
Income not subject to tax	(55,262)	(321)
Expenses not deductible for taxation purposes	5,531	22,840
Unrecognised tax losses	11,324	7,903
Income tax expense	–	–

17 EARNINGS/(LOSS) PER SHARE

The calculations of basic and diluted earnings/(loss) per shares are based on following data:

	2007	**2006**
	HK$'000	*HK$'000*
Profit/(loss) from continuing operations attributable to equity holders	293,053	(133,567)
Profit from discontinued operations attributable to equity holders for purpose of calculating basic and diluted earnings per share	–	1,045,209
Profit attributable to equity holders	293,053	911,642
Number of shares		
Weighted average number of ordinary shares in issue for the purpose of calculating basic earnings/(loss) per share	96,692,965	90,379,272
Effect of dilutive potential ordinary shares *(Note)*:		
Share options	35,951	–
Weighted average number of ordinary shares in issue for the purpose of calculating diluted earnings per share	96,728,916	90,379,272

Note: No diluted earnings/(loss) per share are presented for the year ended 30 June 2006 as the conversion of convertible bond, subscription note and exercise of share options would not have dilutive effect on the loss from continuing operations.

18 DIVIDEND

	2007	2006
	HK$'000	*HK$'000*
Special dividend of HK$1.2 (2006: Nil) per share	117,230	–

At a meeting held on 4 January 2007, the Directors declared a special dividend of HK$1.2 per ordinary share. The Directors do not propose to declare a final dividend for the year ended 30 June 2007 (2006: Nil).

19 LOSS ATTRIBUTABLE TO EQUITY HOLDERS

The loss attributable to equity holders is dealt with in the financial statements of the Company to the extent of HK$1,109,000 for the year ended 30 June 2007 (2006: HK$145,573,000).

20 PROPERTY, PLANT AND EQUIPMENT

(a) Group

	Investment properties	Leasehold buildings	Computer equipment	Furniture and fittings	Leasehold improve-ments	Motor vehicles	Testing equipment	Digital switching and transmission system	Construction in progress	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cost										
At 1 July 2005	–	–	215,651	21,298	45,401	2,096	28,175	2,197,591	22,798	2,533,010
Additions	–	–	4,177	171	1,997	–	–	82,307	8,788	97,440
Acquisition of subsidiaries	3,900	–	2,118	232	114	177	–	–	–	6,541
Disposal of subsidiaries	–	–	(216,333)	(21,374)	(47,328)	(920)	(28,175)	(2,278,842)	(32,389)	(2,625,361)
Reclassification	(3,900)	3,900	(743)	(46)	(30)	–	–	16	803	–
Disposals	–	–	(2,674)	(41)	(39)	(495)	–	(1,072)	–	(4,321)
At 30 June 2006	–	3,900	2,196	240	115	858	–	–	–	7,309
Additions	–	–	75	97	228	392	–	–	–	792
Exchange difference	–	–	82	21	–	6	–	–	–	109
Disposals	–	–	(10)	(210)	(343)	(489)	–	–	–	(1,052)
At 30 June 2007	–	3,900	2,343	148	–	767	–	–	–	7,158

	Investment properties HK$'000	Leasehold buildings HK$'000	Computer equipment HK$'000	Furniture and fittings HK$'000	Leasehold improve-ments HK$'000	Motor vehicles HK$'000	Testing equipment HK$'000	Digital switching and transmission system HK$'000	Construction in progress HK$'000	Total HK$'000
Accumulated depreciation										
At 1 July 2005	–	–	150,136	19,496	30,814	1,072	27,969	1,235,222	–	1,464,709
Charge for the year	–	25	18,778	862	6,102	276	150	173,506	–	199,699
Disposals	–	–	(2,654)	(40)	(20)	(495)	–	(231)	–	(3,440)
Disposal of subsidiaries	–	–	(165,616)	(20,256)	(36,798)	(556)	(28,119)	(1,408,497)	–	(1,659,842)
Reclassification	–	–	(38)	38	–	–	–	–	–	–
At 30 June 2006	–	25	606	100	98	297	–	–	–	1,126
Charge for the year	–	102	921	106	77	236	–	–	–	1,442
Disposals	–	–	(4)	(137)	(192)	(477)	–	–	–	(810)
Exchange difference	–	–	–	–	17	–	–	–	–	17
At 30 June 2007	–	127	1,523	69	–	56	–	–	–	1,775
Net book value										
At 30 June 2006	–	3,875	1,590	140	17	561	–	–	–	6,183
At 30 June 2007	–	3,773	820	79	–	711	–	–	–	5,383

Note: The leasehold buildings are situated on leasehold land in Mainland China held on a medium term lease.

(b) Company

	Leasehold improvement *HK$'000*	Computer equipment *HK$'000*	Furniture and fixtures *HK$'000*	Motor vehicle *HK$'000*	Total *HK$'000*
Cost					
At 1 July 2005	–	–	–	242	242
Disposals	–	–	–	(242)	(242)
At 30 June 2006	–	–	–	–	–
Additions	228	10	91	32	361
Disposals	(228)	(10)	(91)	(32)	(361)
At 30 June 2007	–	–	–	–	–
Accumulated depreciation					
At 1 July 2005	–	–	–	152	152
Disposals	–	–	–	(152)	(152)
At 30 June 2006	–	–	–	–	–
Charge for the year	77	4	30	32	143
Disposals	(77)	(4)	(30)	(32)	(143)
At 30 June 2007	–	–	–	–	–
Net book value					
At 30 June 2006	–	–	–	–	–
At 30 June 2007	–	–	–	–	–

21 INVESTMENTS IN SUBSIDIARIES

	Company 2007 *HK$'000*	2006 *HK$'000*
Unlisted investments, at costs *(Note a)*	31,939	31,939
Amounts due from subsidiaries *(Note b)*	322,860	2,753,071
	354,799	2,785,010
Less: Provision for impairment	(307,464)	(287,434)
	47,335	2,497,576

Notes:

(a) Particulars of the principal subsidiaries of the Company are as follows:

Name	Place of incorporation and operation	Particulars of issued share/ registered capital	Interest held by the Company	Interest held by the Group	Principal activities
Jetco Technologies Limited	Hong Kong	1,250,000 Ordinary shares of HK$1 each	–	100%	Investment holding
上海易圖通信息技術有限公司	The PRC	Registered capital of Renminbi ("RMB") 10,000,000	–	80%	Provision of Internet content services and telecommunication value-added services in the PRC

(b) The amounts due from subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

22 INVESTMENTS IN ASSOCIATED COMPANIES

	Group 2007	Group 2006
	HK$'000	*HK$'000*
At beginning of the year	2,142,737	–
Acquisition of associated companies	–	2,115,006
Share of results of associated companies		
– Profit before income tax	78,434	34,952
– Income tax expense	(15,857)	(7,221)
Reversal of impairment loss *(Note a)*	–	7,523
	2,205,314	2,150,260
Dividend income *(Note a)*	(17,228)	(7,523)
Disposal of associated companies *(Note b)*	(2,188,086)	–
At end of the year	–	2,142,737

Notes:

(a) During the year, the Group received dividend income of HK$17,228,000 from an associated company, CSL NWM, in which the Company indirectly held 23.6% interest of its issued share capital. The associated company was disposed of on 4 January 2007.

In prior year, the Group received dividend income of HK$7,523,000 from an associated company, Han International Consulting Company Limited, in which the Company held 30% interest of its issued share capital. Hence, the provision for impairment of the investment in an associated company was reversed by HK$7,523,000. The associated company was subsequently dissolved in January 2006.

(b) On 4 January 2007, the Company completed the disposal of associated companies through the disposal of entire issued share capital of Upper Start Holdings Limited ("Upper Start"), the wholly owned subsidiary which holds 23.6% interest in the CSL NWM Group (the "Disposal"), at the consideration of HK$2,500 million to New World Development Limited ("NWD").

The consideration of the Disposal was satisfied by way of set-off against a sum equivalent to the aggregate amounts due to fellow subsidiaries, owing under the subscription note, the convertible bond, the promissory note and the loans from the group companies of NWD, 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 (Note 31) was settled in cash upon the completion of Disposal. The disposal resulted in a gain on disposal of a subsidiary, net of the related legal and professional fees of HK$6,124,000, of HK$305,790,000 (Note 10). The early extinguishment of the subscription note and convertible bond upon the Disposal resulted in a gain of HK$6,908,000 (Note 10) and a reversal of convertible bond reserve of HK$26,657,000 (Note 30(a)).

23 INTANGIBLE ASSETS

		Group	
	Licence	**Goodwill**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2005	–	65,964	65,964
Acquisition of subsidiaries	1,470	5,525	6,995
Impairment loss *(Note)*	(1,470)	(71,489)	(72,959)
At 30 June 2006 and 2007	–	–	–

Note: In prior year, the impairment loss was provided for the licence for the operation of a music website. As at 30 June 2006, the carrying amounts of the assets of the business unit were less than the recoverable amount of the business unit, which was determined based on value-in-use calculations using cash flow projections covering a 5-year period based on annual revenue growth rate ranging from 0% to 20% and discount rate of 5%. Hence, impairment loss was provided for the goodwill.

24 DEFERRED TAXATION

Deferred taxation are calculated in full on temporary differences under the liability method using a principal taxation rate of 17.5%.

The movement on the deferred tax assets account is as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
At beginning of the year	–	167,472
Deferred taxation charged to consolidated income statement *(Note 8)*	–	(4,873)
Disposal of subsidiaries	–	(162,599)
At end of the year	–	–

Deferred income tax assets are recognised for tax losses carry forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable. As at 30 June 2007, the Group has unrecognised tax losses of HK$270,091,000 (2006: HK$257,767,000) to carry forward against future taxable income. Except for tax losses of HK$84,343,000 (2006: HK$90,091,000) expiring within 5 years, the balance has no expiry date. These tax losses have not been recognised due to uncertainty of their future recoverability.

The movement in deferred tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

		Group	
Deferred tax assets	**Provision**	**Tax losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2005	2,076	260,663	262,739
Charged to consolidated income statement	(24)	(22,446)	(22,470)
Disposal of subsidiaries	(2,052)	(238,217)	(240,269)
At 30 June 2006 and at 30 June 2007	–	–	–

	Group Accelerated tax depreciation
Deferred tax liabilities	*HK$'000*
At 1 July 2005	95,267
Credited to consolidated income statement	(17,597)
Disposal of subsidiaries	(77,670)
At 30 June 2006 and at 30 June 2007	–

25 TRADE RECEIVABLES

	Group 2007	Group 2006
	HK$'000	*HK$'000*
Trade receivables	7,382	10,629
Less: Provision for impairment of trade receivables	(6,197)	(6,363)
Trade receivables – net	1,185	4,266

The Group allows an average credit period of thirty to sixty days to its subscribers and other customers. The aging analysis of trade receivables is as follows:

	Group 2007	Group 2006
	HK$'000	*HK$'000*
1 – 30 days	137	2,483
31 – 60 days	245	1,648
61 – 90 days	329	112
Over 90 days	474	23
	1,185	4,266

The Group' sales are made to several major customers and there is concentration of credit risks. Collections of outstanding receivable balances are closely monitored on an ongoing basis to minimise such credit risk.

The Group has recognised a write back of provision of HK$1,079,000 (2006: HK$215,000) upon the settlement of trade receivables previously provided for. These amounts have been included in administrative expenses in the consolidated income statement.

The carrying amount of trade receivables approximates its fair value.

26 AMOUNT DUE FROM A RELATED COMPANY – GROUP AND COMPANY

It is unsecured, interest free and repayable on demand.

Mr. Lo Lin Shing, Simon, a director of the Company, is also a director of the related company.

27 CASH AND BANK BALANCES

	Group		Company	
	2007	**2006**	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance with original maturities of three months or less *(Note a)*	54,652	26,921	47,445	10,564
Balances with original maturities of more than three months *(Note b)*	829	770	–	–
	55,481	27,691	47,445	10,564

Notes:

(a) Included in the cash and bank balances of the Group as at 30 June 2007 included balances with the PRC banks totalling HK$1,568,000 (30 June 2006: HK$804,000) which were denominated in RMB. The remittance of these balances outside the PRC is subject to foreign exchange control rules and regulations of the PRC.

The weighted average effective interest rate on short-term bank deposits was 4.02% (2006: 4.11%) per annum. The maturity days of the short-term bank deposit was ranging from one week to one month.

(b) As at 30 June 2007, bank balances denominated in RMB of certain subsidiaries of the Group in the amount of approximately HK$829,000 (2006: HK$770,000) have been frozen under the PRC court order in relation to claims filed against the subsidiaries.

28 TRADE PAYABLES

The aging analysis of the trade payables is as follows:

	Group	
	2007	**2006**
	HK$'000	*HK$'000*
1 – 30 days	55	80
31 – 60 days	–	120
61 – 90 days	–	172
Over 90 days	135	437
	190	809

The carrying amount of trade payables approximates its fair value.

29 SHARE CAPITAL

	Group
	HK$'000
At 1 July 2005	300
Issue of new ordinary shares	16,154
Disposal of subsidiaries	(300)
At 30 June 2006	16,154
Issue of new ordinary shares *(Note a)*	2,356
Transfer from accumulated losses *(Note b)*	79,182
At 30 June 2007	97,692

	Company	
	Ordinary shares of HK$1.00 each	
	No. of shares	*HK$'000*
Authorised:		
At 1 July 2005, 30 June 2006 and 2007	2,000,000,000	2,000,000
Issued and fully paid:		
At 1 July 2005	79,182,223	79,182
Issue of new ordinary shares	16,153,846	16,154
At 30 June 2006	95,336,069	95,336
Issue of new ordinary shares *(Note a)*	2,356,000	2,356
At 30 June 2007	97,692,069	97,692

Notes:

(a) Share option schemes

At an extraordinary general meeting of the Company held on 28 May 2002, the shareholders of the Company approved the termination of the share option scheme adopted by the Company on 11 September 1998 (the "1998 Share Option Scheme") and the adoption of a new share option scheme (the "2002 Share Option Scheme") in compliance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchanges (the "Listing Rules"). Upon termination of the 1998 Share Option Scheme, no further options could be granted under the 1998 Share Option Scheme. However, the outstanding share options granted there under would continue to be valid and exercisable in accordance with the provisions of the 1998 Share Option Scheme.

The 2002 Share Option Scheme is valid and effective for a period of 10 years commencing on 28 May 2002. The total number of shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the shares in issue from time to time unless separately approved by the shareholders in general meeting.

An option may be exercised in accordance with the terms of the 2002 Share Option Scheme at any time during the period as the board of directors at their absolute discretion determine and in any event such period shall not be more than 10 years from the date upon which the offer of the option is made to the grantee. The directors may, if consider appropriate, determine the minimum period for which an option must be held before it can be exercised.

Upon acceptance of the offer for an option, the grantee shall pay HK$1.00 as consideration for the grant. The subscription price of a share in respect of any option granted shall be determined by the board of directors at their absolute discretion but shall be at least the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

Movements in the share options are as follows:

	Exercise period	**Exercise price** *HK$*	**Number of options**
1998 Share Option Scheme:			
At 1 January 2003			159,900,000
Lapsed	15.8.2000 to 14.8.2003	0.284	(114,000,000)
	9.2.2002 to 8.2.2008	2.440 *(Note ii)*	(900,000)
At 31 December 2003			45,000,000
Adjusted *(Note i)*			(44,352,000)
Lapsed			(448,000)
At 30 June 2006 and at 30 June 2007			200,000

Notes:

(i) The number and the exercise price of these share options were adjusted on 28 July 2004 and upon consolidation of the Company's shares.

(ii) Exercise price has been adjusted from HK$0.150 to HK$2.440.

	Exercise period	Exercise price *HK$*	Number of options
2002 Share Option Scheme:			
At 1 January 2003	–	–	–
Granted	28.1.2005 to 31.12.2010	1.260	2,916,000
	8.4.2005 to 31.12.2010	1.276	78,000
At 30 June 2005			2,994,000
Lapsed	28.1.2005 to 31.12.2010	1.260	(78,000)
At 30 June 2006			2,916,000
Exercised	28.1.2005 to 31.12.2010	1.260	(2,278,000)
Exercised	8.4.2005 to 31.12.2010	1.276	(78,000)
Cancelled	28.1.2005 to 31.12.2010	1.260	(482,000)
At 30 June 2007			78,000

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Exercise period	Exercise price *HK$*	As at 30 June 2007 Number of options	As at 30 June 2006 Number of options
Directors			
9.2.2002 to 8.2.2008	2.440	200,000	200,000
28.1.2005 to 31.12.2010	1.26	78,000	2,838,000
8.4.2005 to 31.12.2010	1.276	–	78,000
		278,000	3,116,000

(b) On 4 January 2007, the Company disposed of the entire issued share capital of Upper Start which holds 23.6% equity interest in the CSL NWM Group and CSL NWM Group ceased to be the associated companies of the Group accordingly. After the Disposal (Note 22), a total of HK$85,784,000 has been transferred from accumulated losses to share capital of HK$79,182,000 and share premium of HK$6,602,000 (Note 30(a)) so as to restate the equity structure of the Group to be consistent with that of the Company.

30 OTHER RESERVES

(a) Group

	Share premium *HK$'000*	Consolidation reserve *HK$'000*	Convertible bond reserve *HK$'000*	Currency translation reserve *HK$'000*	Total *HK$'000*
At 1 July 2005	914,792	(1,115,538)	112,695	–	(88,051)
Premium on issue of new ordinary shares	4,846	–	–	–	4,846
Disposal of subsidiaries	(914,792)	915,092	–	–	300
At 30 June 2006	4,846	(200,446)	112,695	–	(82,905)
Premium on issue of new ordinary shares	614	–	–	–	614
Currency translation differences	–	–	–	839	839
Reversal of reserve due to early extinguishment of subscription note and convertible bond upon the Disposal *(Note 22)*	–	–	(26,657)	–	(26,657)
Transfer from/(to) accumulated losses *(Note)*	6,602	200,446	(86,038)	–	121,010
At 30 June 2007	12,062	–	–	839	12,901

Note: Upon the completion of the Disposal on 4 January 2007, the Group has eliminated the consolidation reserve arising from the reverse acquisition completed on 6 July 2004 by transferring it to accumulated losses. Simultaneously, the Group also eliminated convertible bond reserve by transferring it from accumulated losses as full repayments of the convertible bond and subscription note have been made by the Group upon the Disposal.

(b) Company

	Share premium	Convertible bond reserve	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 July 2005	6,602	112,695	119,297
Premium on issue of new ordinary shares	4,846	–	4,846
At 30 June 2006	11,448	112,695	124,143
Premium on issue of new ordinary shares	614	–	614
Reversal of reserve due to early extinguishment of subscription note and convertible bond upon the Disposal *(Note 22)*	–	(26,657)	(26,657)
Transfer to accumulated losses	–	(86,038)	(86,038)
At 30 June 2007	12,062	–	12,062

Note: The share premium, if any, is to be applied as the directors of the Company may consider appropriate, subject to the compliance with the laws of Cayman Islands.

31 PROMISSORY NOTE ISSUED TO AND LOANS FROM A FELLOW SUBSIDIARY, CONVERTIBLE BOND AND SUBSCRIPTION NOTE – GROUP AND COMPANY

All the amounts have been repaid on 4 January 2007 by way of set-off against the considerations of the Disposal (Note 22).

The carrying values are as follows:

	Group and Company	
	4 January 2007	30 June 2006
	HK$'000	*HK$'000*
Promissory note and loans	1,222,488	1,164,773
Convertible bond	28,863	28,261
Subscription note	1,079,102	1,178,008
	2,330,453	2,371,042
Less: Consideration	2,500,000	
Net cash received from the Disposal	169,547	

32 NOTE TO CONSOLIDATED CASH FLOW STATEMENT

Reconciliation of operating profit/(loss) before income tax to net cash used in operations:

	2007	2006
	HK$'000	*HK$'000*
Operating profit/(loss)	293,053	(133,567)
Depreciation	1,442	996
Loss on disposal of property, plant and equipment	218	–
Gain on early extinguishment of non-current liabilities	(6,908)	–
Gain on disposal of a subsidiary	(311,914)	–
Interest income	(1,770)	(823)
Interest expenses	53,590	62,786
Impairment loss on intangible assets	–	72,959
Reversal of impairment of investment in associated company	–	(7,523)
Share of profit from associated companies	(62,577)	(27,731)
Operating loss before working capital changes	(34,866)	(32,903)
Decrease/(increase) in trade receivables	3,081	(1,252)
(Increase)/decrease in prepayments, deposits and other receivables	(188)	490
Decrease in amounts due from fellow subsidiaries and a related company	–	(48)
Decrease in trade payables	(619)	(393)
(Decrease)/increase in accrued charges, other payables, deposits received and deferred income	(7,237)	7,785
(Increase)/decrease in bank balances with maturities of more than three months	(59)	17
Net cash used in operations	(39,888)	(26,304)

33 ACQUISITION OF CSL NWM GROUP ON 31 MARCH 2006

As mentioned in Note 8, the Group completed the acquisition of 23.6% of the CSL NWM Group on 31 March 2006. As a consequence, the CSL NWM Group had become associated companies of the Group.

Details of net assets acquired and goodwill were as follows:

	HK$'000
Purchase consideration:	
Carrying amounts of 23.6% of net assets of the NWPCS Group at the date of disposal	219,237
Fair value of 76.4% of net assets of the NWPCS Group at the date of acquisition	1,732,713
Amount due from an associated company	(113,328)
Sales consideration of disposal of the NWPCS Group	1,838,622
Cash consideration	244,024
Professional fee incurred for the acquisition	32,360
	2,115,006
Fair values of share of net assets acquired – shown as below	(1,107,071)
Goodwill	1,007,935

The fair values and carrying amounts of the share of assets and liabilities of the CSL NWM Group at the date of acquisition were as follows:

	Fair values	**Carrying amounts**
	HK$'000	*HK$'000*
Non-current assets	6,736,856	7,512,480
Current assets	600,566	598,743
Non-current liabilities	(838,348)	(959,348)
Current liabilities	(1,808,097)	(1,808,097)
Net assets of the CSL NWM Group	4,690,977	5,343,778
Share of 23.6% of the net assets	1,107,071	1,261,132

Cash consideration	244,024
Professional fee paid for the acquisition	32,360
Cash outflow on acquisition	276,384

34 DISPOSAL OF SUBSIDIARIES

(a) As mentioned in Note 8, the Group disposed of its interests in the NWPCS Group on 31 March 2006.

Details of net assets disposed of and gain on the disposal were as follows:

	HK$'000
Sales consideration:	
Investments in associated companies	1,838,622
Amount due from an associated company	113,328
Total sales consideration	1,951,950
Net book values of net assets disposed of	(928,971)
Gain on disposal of subsidiaries	1,022,979

The assets and liabilities disposed of at the date of disposal were as follows:

	HK$'000
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)
	928,971

(b) As mentioned in Note 22, the Group disposed of its interests in Upper Start on 4 January 2007.

Details of net assets disposed of and gain on the disposal were as follows:

	HK$'000
Sales consideration	2,500,000
Net book values of net assets disposed of	(2,188,086)
Legal and professional fees incurred for the Disposal	(6,124)
Gain on disposal of a subsidiary	305,790

The assets disposed of at the date of disposal were as follows:

Investments in associated companies	2,188,086

35 OPERATING LEASE COMMITMENTS

At 30 June 2007, the Group had total future aggregate minimum lease payments under non-cancellable operating leases which expire as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Land and buildings		
No later than 1 year	352	873
Later than 1 year and no later than 5 years	–	368
	352	1,241

36 RELATED PARTY TRANSACTIONS

The Group is controlled by Moral Glory International Limited (incorporated in the British Virgin Islands), which owns 56.66% of the Company's shares. The remaining 43.34% of the shares are widely held. In the opinion of the Directors, the ultimate holding company of the Company is Moral Glory International Limited (incorporated in the British Virgin Islands).

(a) The continuing and discontinued operations of the Group undertook the following material transactions with related parties, which were carried out in the normal course of the business, during the year:

	Note	2007 HK$'000	2006 HK$'000
Purchases from fellow subsidiaries	*(a)*	–	(25,853)
Purchases of property, plant and equipment from a related company	*(b)*	–	(1,615)
Service fee income from fellow subsidiaries	*(c)*	–	3,443
Rental expenses paid/payable to fellow subsidiaries	*(d)*	(382)	(14,469)
Loan interest paid/payable to a fellow subsidiary	*(e)*	(5,544)	(34,190)
Interest paid/payable for the promissory note issued to a fellow subsidiary	*(e)*	(22,855)	(11,499)
Interest paid/payable for the subscription note to an immediate holding company	*(f)*	(24,748)	(9,000)
Interest paid/payable for the convertible bond to a fellow subsidiary	*(g)*	(443)	(849)
Reimbursement of office administrative expenses and fee charged from a related company	*(h)*	–	(6,636)

Notes:

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

(b) Purchases were conducted in the normal course of business which were subject to the contract terms as negotiated by the parties involved. Certain directors of the Company were also directors of the related company.

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

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

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

(f) Interest charged was charged at 0.75% per annum.

(g) Interest charged was charged at 3% per annum and was payable semi-annually in arrears.

(h) The reimbursement of office administrative expenses were charged on actual cost basis at a mark-up of 15%.

(b) Year end balances with related parties are as follows:

	2007	2006
	HK$'000	*HK$'000*
Receivable from a related company		
Mongolia Energy Corporation (Greater China) Ltd	813	813
Receivable from an associated company		
CSL NWM	–	113,328
Payables to a fellow subsidiaries		
Loans from a fellow subsidiary	–	278,024
Promissory note issued to a fellow subsidiary	–	886,749
Convertible bond	–	28,261
Subscription note	–	1,178,008
Amounts to fellow subsidiaries	–	420
Payable to an associated company		
NWPCS Holdings	–	5,625

A related company is a company owned by a Director and a substantial shareholder of the Company.

The balances with related parties are unsecured, interest free and repayable on demand.

(c) Key management compensation of the continuing and discontinued operations of the Group for the year is as follows:

	2007	2006
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	5,074	17,747
Post-employment benefits	–	506
	5,074	18,253

3. UNAUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

The following are the unaudited condensed consolidated income statement of the Group for the six months ended 31 December 2007, the unaudited condensed consolidated balance sheet of the Group as at 31 December 2007, the unaudited condensed consolidated statements of changes in equity of the Group and the unaudited condensed consolidated cash flow statements of the Group for the six months ended 31 December 2007, together with accompanying notes to the condensed financial consolidated interim financial information extracted from the interim report of the Company for the six months ended 31 December 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 31 December	
		2007	**2006**
	Note	*HK$'000*	*HK$'000*
Turnover	*3*	318	9,483
Cost of sales		(677)	(5,277)
Gross (loss)/profit		(359)	4,206
Other incomes	*4*	927	1,371
Selling expenses		(68)	(2,120)
Administrative expenses		(6,267)	(21,414)
Operating loss before finance costs	*5*	(5,767)	(17,957)
Finance costs	*6*	–	(52,763)
Operating loss		(5,767)	(70,720)
Share of results of associated companies		–	62,577
Loss before income tax		(5,767)	(8,143)
Income tax expense	*7*	–	–
Loss attributable to equity holders of the Company		(5,767)	(8,143)
Loss per share for loss attributable to the equity holders of the Company			
– basic	*8*	(HK$0.06)	(HK$0.09)
– diluted	*8*	(HK$0.06)	N/A

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited As at 31 December 2007 HK$'000	Audited As at 30 June 2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	4,835	5,383
Investments in associated companies	10	–	–
		4,835	5,383
Current assets			
Trade receivables	11	42	1,185
Prepayments and other receivables		1,025	1,556
Amount due from a related company		813	813
Cash and bank balances		48,641	55,481
		50,521	59,035
Total assets		55,356	64,418
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	13	97,692	97,692
Other reserves		13,886	12,901
Accumulated losses		(60,674)	(54,907)
Total equity		50,904	55,686
LIABILITIES			
Current liabilities			
Trade payables	12	155	190
Accrued charges, other payables, deposits received and deferred income		4,297	8,542
Total liabilities		4,452	8,732
Total equity and liabilities		55,356	64,418
Net current assets		46,069	50,303
Total assets less current liabilities		50,904	55,686

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Six months ended 31 December	
	2007	**2006**
	HK$'000	*HK$'000*
Net cash outflow from operating activities	(4,648)	(43,766)
Net cash (outflow)/inflow from investing activities	(1,363)	130,769
Net cash inflow/(outflow) from financing activities	–	(95,007)
Net decrease in cash and cash equivalents	(6,011)	(8,004)
Cash and cash equivalents at the beginning of the period	54,652	26,921
Cash and cash equivalents at the end of the period	48,641	18,917
Analysis of cash and cash equivalents:		
Cash and bank balances	48,641	19,718
Less: Restricted bank balances	–	(801)
	48,641	18,917

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Unaudited Six months ended 31 December 2007			
	Share Capital	**Other reserves**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 July 2007	97,692	12,901	(54,907)	55,686
Loss for the period	–	–	(5,767)	(5,767)
Currency translation differences	–	985	–	985
Balance at 31 December 2007	97,692	13,886	(60,674)	50,904

		Unaudited Six months ended 31 December 2006			
		Share Capital	**Other reserves**	**Accumulated losses**	**Total**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'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	*13*	2,356	614	–	2,970
Currency translation differences		–	442	–	442
Balance at 31 December 2006		18,510	(81,849)	(38,681)	(102,020)

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION:

1. GENERAL INFORMATION

New World Mobile Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") are principally engaged in technology related business including mobile Internet services in Mainland China.

The Company is a limited liability company incorporated in the Cayman Islands. The principal place of business of the Company is Room 1502-5, 15/F, New World Tower 1, 16-18 Queen's Road Central, Hong Kong.

The Company is listed on the Stock Exchange of Hong Kong Limited.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The condensed consolidated interim accounts (the "Interim Accounts") for the six months ended 31 December 2007 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 Accounts should be read in conjunction with the annual financial statements for the year ended 30 June 2007.

The accounting policies and basis of preparation used in the preparation of the Interim Accounts are consistent with those used in the annual financial statements for the year ended 30 June 2007.

The HKICPA has issued a number of new and revised HKFRSs and HKASs (collectively the "new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2007. The adoption of these new and revised HKFRSs has no material impact on the results and financial position of the Group.

The Group has not early adopted the following new HKFRSs that have been issued but are not yet effective. The Directors anticipated that these new HKFRSs are either irrelevant to the Group's operation or adoption of which will not have material impact on the results and the financial position of the Group.

HKAS 1 (Revised)	Presentation of Financial Statements [1]
HKAS 23 (Revised)	Borrowing Costs [1]
HKFRS 8	Operating Segments [1]
HK (IFRIC) – INT 12	Service concession arrangements [2]
HK (IFRIC) – INT 13	Customer loyalty programmes [3]
HK (IFRIC) – INT 14	HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction [2]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 January 2008.
[3] Effective for annual periods beginning on or after 1 July 2008.

3. TURNOVER AND SEGMENT INFORMATION

Primary reporting format – business segments

The segment results for the period ended 31 December 2007

	Technology related services *HK$'000*	Unallocated items *HK$'000*	Total *HK$'000*
Turnover	318	–	318
Segment results	(4,718)	(1,976)	(6,694)
Other incomes	7	920	927
Operating loss			(5,767)
Finance costs	–	–	–
Loss before income tax expense			(5,767)
Income tax expense	–	–	–
Loss attributable to equity holders of the Company			(5,767)
Other segment information			
Depreciation	588	55	643
Capital expenditures	436	–	436

Unallocated items represent corporate expenses.

The segment results for the period ended 31 December 2006

	Technology related services *HK$'000*	Unallocated items *HK$'000*	Total *HK$'000*
Turnover	9,483	–	9,483
Segment results	(5,952)	(13,376)	(19,328)
Other incomes	786	585	1,371
Operating loss before finance costs			(17,957)
Finance costs	–	(52,763)	(52,763)
Operating loss			(70,720)
Share of results of associated companies	–	62,577	62,577
Loss before income tax expense			(8,143)
Income tax expense			–
Loss attributable to equity holders of the Company			(8,143)
Other segment information			
Depreciation	563	196	759
Capital expenditures	35	361	396

Unallocated items represent corporate expenses.

The segment assets and liabilities as at 31 December 2007 are as follows:

	Technology related services *HK$'000*	Unallocated items *HK$'000*	Total *HK$'000*
Segment assets	6,937	48,419	55,356
Segment liabilities	3,111	1,341	4,452

The segment assets and liabilities as at 30 June 2007 are as follows:

	Technology related services *HK$'000*	**Unallocated items** *HK$'000*	**Total** *HK$'000*
Segment assets	9,050	55,368	64,418
Segment liabilities	7,624	1,108	8,732

Segment assets consist primarily of tangible assets and receivables. They exclude cash and cash equivalents for the corporate use.

Segment liabilities comprise operating liabilities.

Secondary reporting format – geographical segments

The Group is operating in two main geographical areas:

Hong Kong: Technology related services

Mainland China: Technology related services

There are no sales or other transactions between the geographical segments.

	Segment assets	
	As at 31 December 2007 *HK$'000*	**As at 30 June 2007** *HK$'000*
Hong Kong	48,680	55,318
Mainland China	6,676	9,100
	55,356	64,418

	Turnover Six months ended 31 December		**Capital expenditure Six months ended 31 December**	
	2007 *HK$'000*	**2006** *HK$'000*	**2007** *HK$'000*	**2006** *HK$'000*
Hong Kong	–	–	–	361
Mainland China	318	9,483	436	35
	318	9,483	436	396

4. OTHER INCOMES

	Six months ended 31 December 2007 *HK$'000*	2006 *HK$'000*
Bank interest income	927	597
Recovery of bad debt	–	769
Others	–	5
	927	1,371

5. OPERATING LOSS BEFORE FINANCE COSTS

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

	Six months ended 31 December 2007 *HK$'000*	2006 *HK$'000*
Auditors' remuneration		
– audit services	450	453
– non-audit services	100	200
Depreciation of property, plant and equipment	643	759
Provision for impairment of trade receivable	401	–
Staff costs, including directors' emoluments	5,180	10,868

6. FINANCE COSTS

	Six months ended 31 December 2007 *HK$'000*	2006 *HK$'000*
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
Interest on subscription note	–	24,350
	–	52,763

7. 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% (2006: 15% to 33%). Hong Kong profits tax has been calculated at 17.5% (2006: 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 is included in the consolidated income statement as share of results of associated companies.

8. LOSS PER SHARE

The calculations of basic and diluted loss per share are based on the following data:

	Six months ended 31 December	
	2007	**2006**
	HK$'000	*HK$'000*
Loss attributable to equity holders	5,767	8,143
Number of shares		
Weighted average number of ordinary shares in issue for calculation of basic loss per share *(Note)*	97,692,069	95,510,118
Effect of dilutive potential ordinary shares:		
Share options	179,466	–
Weighted average number of ordinary shares in issue for diluted loss per share	97,871,535	95,510,118

Note:

No diluted loss per share is presented for the six months ended 31 December 2006 as the conversion of convertible bond, subscription note and exercise of outstanding share options would not have dilutive effect on the loss attributable to equity holders.

9. CAPITAL EXPENDITURE

	HK$'000
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
Six months ended 31 December 2007	
Opening net book amount at 1 July 2007	5,383
Additions	436
Disposals	(341)
Depreciation	(643)
Closing net book amount at 31 December 2007	4,835

10. INVESTMENTS IN ASSOCIATED COMPANIES

	HK$'000
Six months ended 31 December 2006	
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
Six months ended 31 December 2007	
Balance at 1 July 2007	–
Share of results of associated companies	–
Dividend received	–
Balance at 31 December 2007	–

11. TRADE RECEIVABLES

The Group allows an average credit period of thirty to sixty days to its subscribers and other customers. The ageing analysis of the trade receivables was as follows:

	As at 31 December 2007 HK$'000	As at 30 June 2007 HK$'000
1 – 30 days	27	137
31 – 60 days	10	245
61 – 90 days	1	329
Over 90 days	4	474
	42	1,185

12. TRADE PAYABLES

The ageing analysis of trade payables was as follows:

	As at 31 December 2007 HK$'000	As at 30 June 2007 HK$'000
1 – 30 days	13	55
31 – 60 days	14	–
61 – 90 days	29	–
Over 90 days	99	135
	155	190

13. SHARE CAPITAL

	The Company	
	Ordinary shares of HK$1.00 each	
	No. of shares	*HK$'000*
Authorised:		
At 30 June 2007 and 31 December 2007	2,000,000,000	2,000,000
Issued and fully paid:		
Balance at 1 July 2007 and 31 December 2007	97,692,069	97,692
Balance at 1 July 2006	95,336,069	95,336
Issue of shares *(note)*	2,356,000	2,356
Balance at 31 December 2006	97,692,069	97,692

Note:

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.

14. CAPITAL COMMITMENTS

As at 31 December 2007, there was no material capital commitment (At 30 June 2007: Nil).

15. RELATED PARTY TRANSACTIONS

The Group is controlled by Moral Glory International Limited (incorporated in the British Virgin Islands), which owns 56.66% of the Company's shares. The remaining 43.34% of the shares are widely held. In the opinion of the Directors, the ultimate holding company of the Company is Moral Glory International Limited (incorporated in the British Virgin Islands).

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

	Six months ended 31 December	
	2007	**2006**
	HK$'000	*HK$'000*
Rental expenses paid to fellow subsidiaries	–	(375)
Loan interest paid/payable to a fellow subsidiary	–	(5,476)
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)
Interest paid/payable for the subscription note to a fellow subsidiary	–	(4,537)

(b) Period/year end balances with related party are as follows:

	At 31 December 2007 HK$'000	At 30 June 2007 HK$'000
Receivable from a related company		
Mongolia Energy Corporation (Greater China) Limited	813	813

A related company is a company deemed control by a Director and a substantial shareholder of the Company.

The balance with related party is unsecured, interest free and repayable on demand.

(c) Key management compensation of the Group for the period is as follows:

	Six months ended 31 December	
	2007	2006
	HK$'000	HK$'000
Salaries and other short-term employee benefits	591	3,860

16. SUBSEQUENT EVENTS

(a) On 27 December 2007, the Company and International Entertainment Corporation ("IEC") entered into the conditional sale and purchase agreement (the "Transaction") in relation to the sale and purchase of the entire issued share capital of Cyber On-Air Group Limited ("COAG") in which the Company has conditionally agreed to purchase and IEC agreed to sell the entire issued share capital of COAG at cash consideration of HK$2,000,000. The COAG Group is principally engaged in the provision of network solutions and project services. The Transaction is subject to the fulfillment of certain conditions and has not been completed as at the date of this results announcement.

(b) On 4 December 2007, the Company has entered into placing agreement with Tai Fook Securities Company Limited ("Placing Agent") to place 12,000,000 shares of the Company at HK$6.00 each per share. The Placing Agent informed the Company that there was no placee has been identified due to the volatile stock market situation. The placing has not become unconditional on 31 January 2008 and accordingly the placing agreement was automatically lapsed on the same day.

4. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

The following discussion on the Group's performance for the year ended 30 June 2005 was extracted from the Company's 2004/2005 annual report. The financial data mentioned herein included both the continuing operations of the Group and the discontinued operations relating to the Group's previous investment in New World PCS Limited which was disposed of in 2006.

For the year ended 30 June 2005

Change of Financial Year End

Since the acquisition of New World PCS Limited and its subsidiaries (the "NWPCS Group") on 6 July 2004, the Group mainly engaged in offering a host of quality mobile communications services in Hong Kong, including voice services and customized data services tailored to the specific needs of individual customer groups, via advanced mobile technologies.

The acquisition of the NWPCS Group constituted a reverse acquisition from accounting perspective and therefore the comparative financial information presented in these accounts represented that of the NWPCS Group, which had a financial year end date of 30 June.

In order to conform to the financial year end date of New World Development Company Limited ("NWD"), its holding company, and the NWPCS Group, the Company changed its financial year end date from 31 December to 30 June. Accordingly, the financial period of the Company under review in the annual report for the year ended 30 June 2005 covered eighteen months from 1 January 2004 to 30 June 2005.

Summary of the financial review representing the Group's result covered the period from 1 July 2004 to 30 June 2005.

Financial Review

For the year ended 30 June 2005, the Group's consolidated turnover slightly increased by HK$10 million to approximately HK$1,709 million (2003/04: HK$1,699 million). The turnover of the Group was mainly contributed by mobile communications services revenue and sale of handsets and accessories.

Mobile communications services revenue for the year amounted to approximately HK$1,318 million (2003/04: HK$1,442 million), representing 8.6% decrease. The decline was mainly attributable to aggressive price promotions offered by the mobile service operators and severe competition on tariff. As a result, the post-paid average revenue per user ("ARPU") dropped from HK$180 in last year to HK$170 in current year. However, the Group continued to excel in customer servicing and providing mobile users with pioneering data services to maintain its competitiveness during the year. The Group was successful in maintaining the churn rate at 3.6% (2003/04: 3.3%).

Revenue from sale of mobile handsets and accessories for the year was approximately HK$386 million, representing 50% surge as compared with HK$257 million for last year. This was achieved by offering various "free handset" promotional offers and a wide range of handset models with advance features to our customers during the year.

The cost of goods sold and services provided was approximately HK$866 million, representing an increase of HK$93 million as compared with last year (2003/04: HK$773 million). The increase was a direct result of the corresponding increase in handset sales.

The gross profit margin of the Group was 49% for current year (2003/04: 54%). The decrease was mainly due to relatively low gross profit margin of mobile handsets and accessories sales and the decline of ARPU.

The Group continued to enhance operating efficiency, resulting in a lower operating expense, excluding depreciation and amortisation charge ("OPEX"). The OPEX was reduced by 5.6% to HK$441 million (2003/04: HK$467 million).

The Group's earning before interest, tax, depreciation and amortisation ("EBITDA") for the current year dropped to HK$403 million (2003/04: HK$459 million).

Finance costs for the year increased to HK$30 million (2003/04: HK$7 million). The increase was mainly due to the interest payments by the Group for a loan from a fellow subsidiary, a subscription note (the "Subscription Note") which arose as a result of the acquisition of the NWPCS Group and a convertible bond ("Convertible Bond"). Increase in HIBOR was also a substantial factor for the increase in finance costs.

As a result of the combined effects of the above, the Group's profit attributable to Shareholders dropped to HK$93 million (2003/04: HK$164 million).

Capital Structure, Liquidity and Financial Resources

In order to finance the acquisition of the NWPCS Group, the Company issued new Shares and the Subscription Note at the consideration of HK$50 million and HK$1,200 million, respectively, in July 2004.

Apart from the Subscription Note, the total borrowings of the Group as at 30 June 2005 was approximately HK$1,009 million (30 June 2004: HK$2,164 million) which mainly comprised a loan from New World Finance Company Limited ("NWF") of HK$878 million, the Convertible Bond of HK$28 million, and a bank loan of HK$103 million. All these borrowings were denominated in Hong Kong dollars and borne interest at HIBOR + 0.65%, 3% and HIBOR + 0.65%, respectively.

The loan from NWF was repayable on demand after 29 September 2006. The maturity date for the Convertible Bond was in November 2007. The bank loan outstanding was scheduled to be fully repaid in October 2005.

As most of the borrowings of the Group including the Subscription Note as at 30 June 2005 were regarded as shareholders' loans, the gearing ratio of the Group calculated thereon was considered to be misleading and so not presented in the annual report.

As at 30 June 2005, the Group's cash and bank balances amounted to approximately HK$117 million (30 June 2004: HK$94 million).

The Group's net cash inflow from operating activities reduced by HK$14 million to HK$396 million (2003/04: HK$410 million).

As at 30 June 2005, none of the assets held by the Group were pledged to other parties (30 June 2004: Nil).

Capital expenditure of the Group amounted to HK$141 million for the year (2003/04: HK$154 million). Capital expenditure was mainly for the ongoing enhancements in the service quality, coverage of the mobile network, and purchase of hardware and software for multimedia services provisioning.

The Group adopted a conservative and balanced treasury policy. Any surplus funds placed as deposit with banks in Hong Kong were maintained in Hong Kong dollars.

The functional currency of the Group is Hong Kong dollar. The Group's business transactions, monetary assets and liabilities are mainly denominated in Hong Kong dollar. The Group does not therefore have any significant exposure to foreign currency gains and losses. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. The Group does not conduct any foreign currency speculative activities.

As at 30 June 2005, the Group had obtained bank guarantees in lieu of deposits of HK$9 million (30 June 2004: HK$9 million) in aggregate.

Employees and Remuneration Policy

As at 30 June 2005, the Group had a total of 662 employees (30 June 2004: 706). The Group's remuneration policy is to pay salaries that are competitive in the industry, in a way that will be motivational, fair and equitable, and that are dependent on individual and company 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.

For the year ended 30 June 2006

Disposal of the NWPCS Group and acquisition of the CSL NWM Group

On 8 December 2005, the Group entered into a merger agreement (the "Merger Agreement") to dispose of the NWPCS Group and make a cash payment of HK$244.024 million, in exchange for an equity holding of 23.6% of the issued share capital of CSL New World Mobility Limited ("CSL NWM") and an amount due from CSL NWM of HK$113.328 million. The merger executed pursuant to the Merger Agreement was completed on 31 March 2006. As a result, the NWPCS Group, which is engaged in mobile communications business, ceased to be subsidiaries of the Group; while CSL NWM and its subsidiaries (the "CSL NWM Group") comprising the NWPCS Group and CSL NWM (formerly known as Telstra CSL Limited) and its subsidiaries became associated companies of the Group. The application of Hong Kong Financial Reporting Standard No. 5 Non-current Assets Held for Sale and Discontinued Operations has resulted in a change in the presentation of the results and cash flows of the NWPCS Group in current and prior years but has not impacted prior year's consolidated balance sheet. In the consolidated income statement, a single amount comprising the results of the NWPCS Group, of which an analysis of the results is set out in note 8 to the consolidated financial statements, and gain on disposal of the NWPCS Group constituting discontinued operations is presented whereas the net cash flows of the NWPCS Group attributable to operating, investing and financing activities are also disclosed in the consolidated cash flow statement.

Acquisition of New World CyberBase Solutions (BVI) Limited and its subsidiaries (collectively the "NWCS Group")

On 21 October 2005, the Group acquired from New World CyberBase Limited ("NWC") the NWCS Group and NWC's interests in the loans to the NWCS Group for an aggregate consideration of HK$21 million. The NWCS Group is engaged in the provision of technology related services, mainly mobile Internet services and wireless application protocol ("WAP") services, in the PRC. The consideration was satisfied by the issue of 16,153,846 new Shares at HK$1.3 each.

Financial Review

The Group recorded a profit attributable to Shareholders of HK$911.6 million for the current year, as compared to a loss attributable to Shareholders of HK$10.4 million in the previous year. The profit of this year mainly arose from the profit of HK$1,045.2 million (2005: HK$36.7 million) from discontinued operations of mobile communications services, slightly offset by the loss of HK$133.6 million (2005: loss of HK$47.1 million) from continuing operations.

Profit from discontinued operations comprised after-tax profit of HK$22.2 million of the NWPCS Group for the nine months ended 31 March 2006 (year ended 30 June 2005: HK$36.7 million) and the gain of HK$1,023.0 million on disposal of the NWPCS Group.

Loss from continuing operations was attributed to the loss of HK$87.4 million of the technology related business, finance costs of HK$62.8 million and other corporate expenses, slightly alleviated by the Group's share of results of the CSL NWM Group.

The loss of HK$87.4 million of the technology related business comprised impairment losses on intangible assets of HK$73.0 million. The impairment losses on intangible assets were provided for goodwill of HK$66.0 million arising from the reverse acquisition by the Group of the NWPCS Group in July 2004 which was re-allocated to the Group's new continuing operations in technology related services, goodwill of HK$5.5 million arising from the acquisition of the NWCS Group and a licence of HK$1.5 million. The continuing operations recorded a turnover of HK$16.5 million from the technology related business for the post-acquisition period from 21 October 2005 to 30 June 2006, as compared to HK$4.3 million from logistics services in the previous year. WAP services had become the key growth driver contributing to improvement in turnover. On 30 June 2006, there were more than 270,000 monthly subscribers, over 90% of them were multimedia messaging services ("MMS") and WAP subscribers. During the period under review, product development teams in Shanghai and Guangzhou, the PRC had developed more than 100 new MMS, WAP and short messaging services.

Finance costs of continuing operations for the current year was HK$62.8 million, an increase of HK$18.1 million from HK$44.7 million for the same period last year. The increase was mainly due to interest expenses of HK$11.5 million on a new promissory note issued to a fellow subsidiary in March 2006 to replace loans and accrued interest expenses of a total of HK$886.7 million of the NWPCS Group for which the related interest expenses incurred before the replacement were deducted from the profit from discontinued operations, and interest expenses of HK$3.6 million on new loans of HK$278.0 million drawn from the fellow subsidiary in March and June 2006.

The CSL NWM Group is a major mobile telecommunications network operator in Hong Kong, providing 2G and 3G services under three brands: "One2Free", "1010" and "New World Mobility". On 30 June 2006, there were over 2.6 million subscribers to its services. The Group's share of 23.6% of the results of the CSL NWM Group for the three months from 1 April 2006 to 30 June 2006 amounted to HK$27.7 million.

Capital Structure, Liquidity and Finance Resources

As at 30 June 2006, the total borrowings of the Group amounted to HK$2,371.0 million (30 June 2005: HK$2,043.5 million) which comprised the Subscription Note of HK$1,178.0 million, the Convertible Bond of HK$28.3 million, a promissory note of HK$886.7 million issued to NWF and loans of HK$278.0 million from NWF. The promissory note was issued to settle debts of the NWPCS Group before disposal of the NWPCS Group to CSL NWM. Loans of HK$278.0 million were obtained to finance the acquisition of the CSL NWM Group and meet requirements on the Group's working capital. These borrowings were denominated in Hong Kong dollars, and borne interest rates of 0.75%, 3%, 0.65% above HIBOR and 0.65% above HIBOR per annum respectively.

The maturity date of the Convertible Bond was extended to 1 November 2007. The promissory note was repayable on demand after eighteen months from its date of issue of 30 March 2006. Loans of HK$244.02 million and HK$34.0 million from NWF were repayable upon demand after eighteen months from 31 March 2006 and after 28 August 2007 respectively.

Since most of the borrowings of the Group were considered as shareholders' loans, the gearing ratio of the Group calculated thereon was considered misleading and therefore, not presented.

As at 30 June 2006, the Group's cash and bank balances were of HK$27.7 million (30 June 2005: HK$116.5 million). The reduction was mainly the result of the disposal of the NWPCS Group. The Group had undrawn loan facility of HK$36.0 million as at 30 June 2006.

Total capital expenditure of the Group was HK$97.4 million for the year (2005: HK$140.8 million), which was mainly spent on the NWPCS Group's mobile communications business.

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

There were no material contingent liabilities as at 30 June 2006 (30 June 2005: bank guarantees in lieu of deposits of HK$9 million).

Employees and Remuneration Policy

As at 30 June 2006, the Group had a total of 143 employees (30 June 2005: 662). The reduction in number of employees was mainly due to the disposal of the NWPCS Group. 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.

Outlook

According to the June 2006 report by China Internet Information Centre, there were over 123 million Internet users in the PRC, a 19.4% growth from the previous year. The Ministry of Information Industry also expected the number of mobile phone users to reach 440 million at the end of 2006. Judging from the trend of growth of both Internet and mobile phone users, there would be ample room for growth for value added services.

In July 2006, a major mobile operator partner implemented new control policies for value added service providers. It was expected that the improvement of the mobile Internet business would be slowed down due to the implementation of these new measures. The Group would re-align the strategic imperatives of the business to minimise the impact while capturing the growth opportunities in the explosive market potential in the long-term.

The Group was determined to carry on its expansion into the mobile Internet services area, with a focus on music and city infotainment services. In the music sector, the Group would continue its effort in building a platform for local music talents to create and publicise their works. Currently a platform had been created for music lovers to enjoy pop music as well as new local music. In addition to forming partnership with international record labels, building alliances with music industry players was essential to the Group's business expansion. Therefore, the Group had established strategic alliances with over 15 local record labels. Continuous alliance formation would be an important component to the Group's success in the coming years.

In 2006, the Group had re-launched ChinaQuest.com, a web-based city infotainment service, with a powerful search engine. The partnership with China Telecom's yellow page had not only enabled the Group to increase the spectrum of services, but also contributed to the enrichment of the city information content. Currently the Group had rolled out city information content services in 12 cities. In 2007, the Group would expand the city infotainment service in these cities and into other untapped markets.

In 2006, the Group had strengthened the base to its mobile Internet platform. Building on this foundation, the Group would seek to secure greater market share in 2007. One of the key strategic directions for the provision of services in 2007 was to increase user interactivities by implementing Web 2.0 applications in both the Internet and WAP services. The Group believed that success in enhancing customer satisfaction in and fondness to its services would result in continuous growth of the technology related business of the Group.

The Group's investment in the mobile communications business through its equity holding of 23.6% of the CSL NWM Group would also continue to generate profit to the Group.

For the year ended 30 June 2007

Business Review

The Company's mobile value added business had been negatively impacted by the environmental changes of the PRC's wireless market. Throughout the year, mobile operators continued to tighten control policy on service providers ("SP"). The last major announcement of China Mobile in May 2007 announced a policy on WAP service fee notification, was yet another example which negatively impacted the SP industry. The SP business, being a major revenue generator of the Group's business, was badly hit. Management did not see a significant improvement to this situation in the near term and revenue from this sector was expected to continue to decrease.

Since the end of 2006, management had taken measures to minimize the potential exposure of the business risks from the SP sector, and had shifted to focus on building up two web-based businesses.

Firstly, management shifted to focus on expanding the service offering of web based city infotainment service (Chinaquest). Among many new services that were launched this year, there was a major focus in a commercial based yellow page service called, Enterprise Blog Show ("EBS" or "商博秀"). The revenue of this service line was targeted to replace the shortfall from the SP sector starting in next financial year.

In order to improve the service's brand awareness, the Group announced a change of Chinaquest's website address to www.52tong.com and a change of the logo design to a more lively brand design concept in November 2006.

As at the end of 2006, the first major step to expand the service offerings was the launch of a classified advertisement channel focus on providing a platform for individuals to advertise their own information to the public.

By April 2007, a second major service was the launch of EBS, a service targeting commercial market. It was a WEB2.0 platform for commercial customers to advertise their company information to visitors of Chinaquest. Management aimed to launch the service over 50 cities nationwide by the end of 2007. The significant of this service was the birth of a new business model for the Group. The plan to expand throughout the nation would be conducted through establishing local channel partners.

Looking at a 400 million population market size, the wireless value-added market continues to be an important market for the business. In May 2007, the Group launched the Chinaquest WAP service 2.0 – the wireless portal service of Chinaquest. A product that was integrated with the website services. Fully showing the tight integration of Mobile Internet services, enabling users to use Chinaquest service at the desktop and while on the move.

Secondly, in the music entertainment sector, www.hanyin.com, the music entertainment business reached over 218,000 registered users. The Group secured relationship with over 50 local and international record companies with a total of over 2,000 artists. In addition, the Group directly signed song distribution rights with 40 artists and had been promoting their work in both the mobile and Internet environment. At the end of 2006, the music blog channel was re-vamped, 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.

Financial Review

1. Results analysis

The mobile value added business had throughout the year been negatively impacted by the market environment and the tightening policy control of the mobile operators. Accordingly, the year-of-year turnover was dropped approximately 14.0% to HK$14.2 million (2006: HK$16.5 million).

On 4 January 2007, the Company completed the disposal of an associated company through the disposal of entire issued share capital of Upper Start Holdings Limited ("Upper Start") which holds 23.6% interest in the CSL NWM Group (the "Disposal") at the consideration of HK$2,500 million to NWD. The share of the profits of the associated company immediately prior to the Disposal was HK$62.6 million (2006: HK$27.7 million). The resulting one-off gain from the Disposal was HK$305.8 million.

The profit attributable to the Shareholders for the year ended 30 June 2007 was HK$293.1 million (2006: HK$911.6 million). The drop was due to the inclusion of profit from discontinued operations of HK$1,045.2 million in last year.

2. Liquidity and financial resources

As at 30 June 2007, the equity holders' fund of the Group amounted to HK$55.7 million (2006: deficit of HK$97.3 million) and the net asset value per Share was HK$0.57 (2006: net liability value per Share HK$1.02). Upon completion of the Disposal, a partial of the consideration from the Disposal was satisfied by way of full discharge against a sum owing under the Subscription Note, the Convertible Bond, the promissory note and the loans from a then fellow subsidiary. As at 30 June 2007, the Group had no bank or other borrowings (2006: HK$2,371.0 million) and the Group's cash level was recorded at HK$55.5 million (2006: HK$27.7 million). With abundant cash balances and no gearing, the Group had sufficient liquidity and financial resources to meet the operational and investment needs.

3. Financial risk management

The key operations of the Group are located in Hong Kong and the PRC. Therefore, the Group's assets and liabilities are mainly denominated in either Hong Kong dollars or RMB. The Group does not conduct any foreign currency hedging activities since no significant exposure to foreign currency risks are expected.

4. Pledge of assets

As at the balance sheet date, bank balances denominated in RMB of certain subsidiaries of the Group in the amount of HK$829,000 (2006: HK$770,000) had been frozen under the PRC court order in relation to claims filed against the subsidiaries.

5. Contingent liabilities

The Group had no material contingent liabilities as at 30 June 2007.

Future Outlook

The future of the Group is to create and build a media platform, enabling commercial customers to showcase their content to mobile and Internet users in the PRC. Management would continue to enhance the service offerings in both city infotainment and music entertainment sectors. It is important to continue to build the brand and customer base. Lastly, the management team would aim to quickly secure the sales network in key cities throughout the nation.

Human Resources

As at 30 June 2007, the Group had a total of 79 full-time employees (2006: 143) in Hong Kong and the PRC. Remuneration packages are structured to take into account the level and composition of pay and the general market conditions in the respective geographical locations and businesses in which the Group operates. The remuneration policies of the Group are reviewed on periodic basis. Apart from retirement schemes, year-end bonuses and share options are awarded to the employees according to the assessment of individual performance and industry practice. Appropriate training programs are also offered for staff training and development.

For the period ended 31 December 2007

Business Review

For the last six months the wireless value added services regulatory environment and telecom operators policies continues to tighten causing the overall business environment of the Service Provider ("SP") to be affected greatly. Thus our SP business continues to slow down and the scale of the operation has been restructured accordingly.

As at end of this reporting period, the Chinaquest commercial business (a business unit to offer web based city infotainment service) signed up 10 distributors covering over 20 China cities. Although sign up rate of distributors is positive, however due to fierce competition and slow take up rate of end users, the business have not been able to deliver results as planned.

In response to the current tough business environment, management in the last three months has continued to downsize the operations to control costs further. We are also in the process of seeking new business opportunities and sourcing other acquisition that may help the business positively. For instance, the Group signed an agreement on December 27, 2007 to purchase the entire issued share capital of Cyber On-Air Group Limited and its subsidiaries ("COAG") for a cash consideration of HK$2 million. COAG is principally engaged in the provision of network solutions and project services.

Financial Review

1. Results analysis

As stated in the 2006/07 annual report, the Company's mobile value added business had been negatively impacted by the environmental changes of China's wireless market and the management did not foresee any significant improvement in the near term. For the six months period ended 31 December 2007, the turnover was dropped approximately 96.8% to HK$0.3 million (2006: HK$9.5 million). The significant shrinkage in the turnover was directly attributable to the continue downturn in the mobile value added business. During this difficult period, the Group conducted effective measures in controlling costs. The operating loss before finance costs was trimmed to HK$5.8 million (2006: HK$18.0 million). No finance costs were incurred for the six months reporting period because the Group has no gearing and owned sufficient financial resources to support its continuing operations. (2006: HK$52.8 million).

The loss attributable to the shareholders of the Company for the period ended 31 December 2007 was HK$5.8 million (2006: HK$8.1 million). One of the key contributors to the improvement was the reduction of selling and administrative expenses.

2. Liquidity and financial resources

As at 31 December 2007, the capital and reserves attributable to the equity holders of the Company was HK$50.9 million (At 30 June 2007: HK$55.7 million) and the net asset value per share was HK$0.52 (At 30 June 2007: HK$0.57). As at 31 December 2007, the Group had no bank or other borrowings (At 30 June 2007: Nil) and the Group's cash balances was HK$48.6 million (At 30 June 2007: HK$55.5 million). With abundant cash balances and no gearing, the Group has sufficient liquidity and financial resources to meet the daily operational needs and investment opportunities (if any).

3. Financial risk management

The key operations of the Group are located in Hong Kong and the Mainland China. Therefore, the Group's assets and liabilities are mainly denominated in either Hong Kong dollars, United States dollars or Renminbi (RMB). The Group does not conduct any foreign currency hedging activities since no significant exposure to foreign currency risks are expected.

4. Pledge of assets

As at 31 December 2007, no assets are under pledge (At 30 June 2007: bank balances denominated in RMB of certain subsidiaries of the Group in the amount of HK$0.8 million have been frozen under the PRC court order in relation to claims filed against these subsidiaries).

5. Contingent liabilities

The Group has no material contingent liabilities as at 31 December 2007 and 30 June 2007.

Outlook

As a continuous effort, the Board will conduct a detailed review of its business portfolio and strategies with an aim to deploy the Group's resources in an optimal way. It may lead to scale down or adjust area of operations where appropriate.

As an investment holding company, the Group will actively look into other new business opportunities in order to broaden its revenue basis. During the reporting period, the Group has entered into an agreement to acquire a company engaged in the provision of network solutions and project services. Barring for unforeseen circumstances, the acquisition will be completed in the second half of this financial year.

5. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The NWM Group is principally engaged in the provision of Internet content services and telecommunication value-added services in the PRC. Upon completion of the Acquisition, the Group will diversify its business to the provision of network solutions and project services.

The Directors are of the view that the Group would benefit from the COAG Group's robust growth potential. Besides, profit from the COAG Group would contribute to the Group's financial performance and dividend received (if any) from the COAG Group would strengthen the Group's cash flow.

Looking ahead, the Group will endeavor to make more investment decisions with a prudent manner in order to develop a diversified business portfolio. The Group currently has sufficient financial resources and will make full use of this advantage to continue to identify quality investment opportunities.

6. INDEBTEDNESS OF THE ENLARGED GROUP

At the close of business on 31 January 2008, being the latest practicable date for the preparation of this indebtedness statement prior to the printing of this circular, apart from the intra-group liabilities, the Enlarged Group did not have any outstanding mortgages, charges, debentures, loan capital or overdrafts, or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities as at the close of business on 31 January 2008.

7. WORKING CAPITAL OF THE ENLARGED GROUP

The Board is of the opinion that after taking into account the Enlarged Group's internal resources, operating cash flow and available banking facilities, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next twelve months from the date of this circular.

8. MATERIAL ADVERSE CHANGE

As set out in the Interim Report of the Company for the six months ended 31 December 2007, the wireless value added services regulatory requirement and telecom operators policies continue to tighten causing the overall business environment of the Service Provider ("SP") to be affected greatly. Thus the SP business of the Group continues to slow down and the scale of operation has been restructured accordingly. Apart from that, the Directors are not aware of any material adverse change in the financial or trading position or prospects of the Group since 30 June 2007, the date to which the latest published audited financial statements of the Company were made up.

The following is the text of a report prepared for the purpose of inclusion in this circular, received from PriceWaterHouseCoopers, Certified Public Accountants, Hong Kong.

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

31 March 2008

The Directors
New World Mobile Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Cyber On-Air Group Limited (the "Target Company") and its subsidiaries (together, the "Target Group") set out in Sections I to III below, for inclusion in the circular of New World Mobile Holdings Limited (the "Company") dated 31 March 2008 (the "Circular") in connection with the proposed transfer of the entire interest in the Target Company by International Entertainment Corporation to the Company. The Financial Information comprises the consolidated balance sheets of the Target Company as at 31 March 2005, 2006 and 2007 and 30 September 2007, the balance sheets of the Target Company as at 31 March 2005, 2006 and 2007 and 30 September 2007, and the consolidated income statements, the consolidated statements of changes in equity and the consolidated cash flow statements of the Target Company for each of the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory notes.

The Target Company was incorporated in the British Virgin Islands on 15 December 2000 as a limited liability company under the International Business Companies Act of the British Virgin Islands.

As of the date of this report, the Target Company has direct and indirect interests in the subsidiaries as set out in Note 30(a) of Section II below. All of these companies are private companies.

All companies comprising the Target Group, except for 上海創博數碼科技有限公司 and 廣州創博數碼科技有限公司,which were established in the People's Republic of China (the "PRC"), have adopted 31 March as their financial year end date and their financial statements were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). 上海創博數碼科技有限公司 and 廣州創博數碼科技有限公司 have adopted 31 December as their financial year end date and their statutory financial statements were prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC. The audited financial statements for each of the years ended 31 March 2005, 2006 and 2007 of the subsidiaries of the Target Company, which are not audited by PricewaterhouseCoopers but by other auditors, are set out in Note 30(b) of Section II below.

For the purpose of this report, the directors of the Target Company have prepared the consolidated financial statements of the Target Company for the Relevant Periods in accordance with HKFRSs (the "Underlying Financial Statements"). We have audited the Underlying Financial Statements for each of the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2007 in accordance with Hong Kong Standards on Auditing.

The Financial Information has been prepared based on the Underlying Financial Statements with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY

The directors of the Target Company during the Relevant Periods are responsible for the preparation and the true and fair presentation of the Underlying Financial Statements in accordance with HKFRSs. The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the Underlying Financial Statements and Financial Information that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

REPORTING ACCOUNTANT'S RESPONSIBILITY

For the financial information for each of the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2007, our responsibility is to express an opinion on the financial information based on our examination and to report our opinion to you. We have examined the Underlying Financial Statements and carried out such additional procedures as are necessary in accordance with the Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the financial information for the six months ended 30 September 2006, it is our responsibility to form an independent conclusion, based on our review, on the financial information and to report our conclusion to you. We conducted our review on the financial information in accordance with Statement of Auditing Standards 700 "Engagements to review interim financial reports" issued by the HKICPA. A review consists principally of making enquires to management of the Target Group and the Group and applying analytical procedures to the financial information 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 financial information for the six months ended 30 September 2006.

OPINION AND REVIEW CONCLUSION

In our opinion, the financial information of the Target Group for each of the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2007, for the purpose of this report, gives a true and fair view of the state of affairs of the Target Company and of the Target Group as at 31 March 2005, 2006 and 2007 and 30 September 2007 and of the Target Group's results and cash flows for the years and period then ended.

On the basis of our review which does not constitute an audit, for the purpose of this report, we are not aware of any material modifications that should be made to the financial information for the six months ended 30 September 2006.

I FINANCIAL INFORMATION OF THE TARGET GROUP

The following is the Financial Information of the Target Group as at 31 March 2005, 2006 and 2007 and 30 September 2007 and for each of the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007.

CONSOLIDATED BALANCE SHEETS

		As at 31 March			As at 30 September
		2005	**2006**	**2007**	**2007**
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
ASSETS					
Non-current assets					
Property, plant and equipment	6	468	287	166	310
Current assets					
Inventories	7	1,873	655	1,581	3,112
Trade receivables	8	4,880	1,690	5,176	5,199
Other receivables, deposits and prepayments	9	109	142	283	398
Amount due from ultimate holding company	10	7,338	7,919	7,710	7,710
Amounts due from fellow subsidiaries	10	20,660	20,773	–	10
Amounts due from related companies	10	558	459	447	447
Tax recoverable		–	52	33	33
Restricted cash	11	1,000	1,000	1,000	1,000
Cash and cash equivalents	12	848	1,932	1,475	3,598
		37,266	34,622	17,705	21,507
Total assets		37,734	34,909	17,871	21,817
EQUITY					
Capital and reserves attributable to the Target Company's equity holders					
Share capital	15	–	–	–	–
Retained earnings		8,206	7,695	7,368	8,069
Total equity		8,206	7,695	7,368	8,069

		As at 31 March			As at 30 September
		2005	2006	2007	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
LIABILITIES					
Current liabilities					
Trade payables	*13*	5,658	3,770	5,237	5,569
Other payables and accruals		3,126	1,924	2,287	3,541
Amounts due to directors	*10*	222	333	–	–
Amount due to ultimate holding company	*10*	12	12	12	12
Amounts due to fellow subsidiaries	*10*	56	56	54	54
Amounts due to related companies	*10*	1,427	2,219	1,253	1,279
Current income tax liabilities		1,527	1,400	1,660	1,793
Loans from directors	*14*	3,044	3,044	–	–
Loan from a fellow subsidiary	*14*	–	–	–	1,500
Loans from related companies	*14*	11,082	11,082	–	–
Loans from a third party	*14*	3,374	3,374	–	–
Total liabilities		29,528	27,214	10,503	13,748
Total equity and liabilities		37,734	34,909	17,871	21,817
Net current assets		7,738	7,408	7,202	7,759
Total assets less current liabilities		8,206	7,695	7,368	8,069

COMPANY BALANCE SHEETS

	Note	As at 31 March 2005 HK$'000	As at 31 March 2006 HK$'000	As at 31 March 2007 HK$'000	As at 30 September 2007 HK$'000
ASSETS					
Non-current assets					
Investments in subsidiaries	*30(a)*	–	–	–	–
Current assets					
Loan to a subsidiary	*30(c)*	8,000	8,000	–	–
Total assets		8,000	8,000	–	–
EQUITY					
Capital and reserves attributable to the Target Company's equity holders					
Share capital	*15*	–	–	–	–
Accumulated losses	*28*	(39)	(44)	(49)	(49)
Total equity holders' deficit		(39)	(44)	(49)	(49)
LIABILITIES					
Current liabilities					
Amount due to ultimate holding company	*10*	9	9	9	9
Amounts due to subsidiaries	*10*	30	35	40	40
Loans from directors	*14*	3,044	3,044	–	–
Loans from related companies	*14*	1,582	1,582	–	–
Loans from a third party	*14*	3,374	3,374	–	–
Total liabilities		8,039	8,044	49	49
Total equity and liabilities		8,000	8,000	–	–
Net current liabilities		(39)	(44)	(49)	(49)
Total assets less current liabilities		(39)	(44)	(49)	(49)

CONSOLIDATED INCOME STATEMENTS

		Year ended 31 March			Six months ended 30 September	
		2005	2006	2007	2006	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Revenue	*5*	15,932	16,840	18,693	8,138	13,087
Cost of sales	*16*	(10,680)	(11,909)	(12,797)	(6,073)	(9,873)
Gross profit		5,252	4,931	5,896	2,065	3,214
Other income	*19*	26	85	93	38	78
Distribution costs	*16*	(59)	(167)	(66)	(18)	(60)
Administrative expenses	*16*	(4,639)	(4,682)	(5,585)	(2,171)	(2,398)
Profit/(loss) from operations		580	167	338	(86)	834
Finance costs	*20*	(672)	(678)	(405)	(348)	–
(Loss)/profit before income tax		(92)	(511)	(67)	(434)	834
Income tax expenses	*21*	(1,407)	–	(260)	–	(133)
(Loss)/profit for the year/period attributable to equity holders of the Target Company		(1,499)	(511)	(327)	(434)	701

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the equity holders of the Target Company		
	Share capital	**Retained earnings**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Balance at 1 April 2004	–	9,705	9,705
Loss for the year	–	(1,499)	(1,499)
Balance at 31 March 2005	–	8,206	8,206
Loss for the year	–	(511)	(511)
Balance at 31 March 2006	–	7,695	7,695
Loss for the year	–	(327)	(327)
Balance at 31 March 2007	–	7,368	7,368
Profit for the period	–	701	701
Balance at 30 September 2007	–	8,069	8,069
For the six months ended 30 September 2006 (Unaudited)			
Balance at 1 April 2006		7,695	7,695
Loss for the period	–	(434)	(434)
Balance at 30 September 2006	–	7,261	7,261

CONSOLIDATED CASH FLOW STATEMENTS

		Year ended 31 March			Six months ended 30 September	
		2005	2006	2007	2006	2007
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
Cash flows from operating activities						
Cash generated from/(used in) operations	*24(a)*	1,100	1,236	(523)	(598)	820
Interest paid		(21)	–	–	–	–
Income tax refund/(paid)		77	(179)	19	–	–
Net cash generated from/(used in) operating activities		1,156	1,057	(504)	(598)	820
Cash flows from investing activities						
Purchase of property, plant and equipment		(329)	(87)	(32)	(26)	(245)
Proceeds from sale of property, plant and equipment		1	67	15	–	–
Interest received		3	47	64	33	48
Net cash (used in)/generated from investing activities		(325)	27	47	7	(197)
Cash flows from financing activities						
Proceeds from loan from a fellow subsidiary		–	–	–	–	1,500
Proceeds from loan from a related company		500	–	–	–	–
Net cash generated from financing activities	*24(c)*	500	–	–	–	1,500
Increase/(decrease) in cash and cash equivalents		1,331	1,084	(457)	(591)	2,123
Cash and cash equivalents and bank overdrafts at the beginning of year/period		(483)	848	1,932	1,932	1,475
Cash and cash equivalents at the end of year/period		848	1,932	1,475	1,341	3,598

II NOTES TO THE FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Target Company was incorporated in the British Virgin Islands on 15 December 2000 as a limited liability company. The address of its registered office is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, the British Virgin Islands.

The immediate holding company and the ultimate holding company of the Target Company during the Relevant Periods is International Entertainment Corporation ("IEC"), a company incorporated in Cayman Islands and listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

The Target Company is an investment holding company. Its subsidiaries are principally engaged in the provision of network solutions and project services. For network solutions, the Target Group provides total system solutions including data networking, synchronisation, timing, wireless local area network and network access control. For project services, the Target Group primarily provides infrastructure installation services which include cellular base station and antenna system installation service, structural cabling installation service and microwave installation service.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs under the historical cost convention. These policies are consistent with those adopted by the Company and have been consistently applied throughout the Relevant Periods.

The preparation of the Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Target Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Financial Information, are disclosed in Note 4 of this section.

The following new standards, amendments and interpretations to the existing standards are not yet effective and have not been early adopted by the Target Group:

- HKAS 1 (Revised), Presentation of Financial Statements, effective for annual periods beginning on or after 1 January 2009. The Target Group will assess the impact and apply the standard for the annual periods beginning 1 January 2009 where applicable;

- HKAS 23 (Revised), Borrowing Costs, effective for annual periods beginning on or after 1 January 2009. Management does not expect the amendment to be relevant to the Target Group;

- HKFRS 8, Operating Segments, effective for annual periods beginning on or after 1 January 2009. HKFRS 8 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resource to segments and assess its performance. The Target Group will assess the impact and apply the standard for the annual periods beginning 1 January 2009 where applicable;

- HK(IFRIC)-Int 12, Service Concession Arrangements, effective for annual periods beginning on or after 1 January 2008. Management does not expect the interpretation to be relevant to the Target Group;

- HK(IFRIC)-Int 13, Customer Loyalty Programmes, effective for annual periods beginning on or after 1 July 2008. Management does not expect the interpretation to be relevant to the Target Group;

- HK(IFRIC)-Int 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, effective for annual periods beginning on or after 1 January 2008. Management does not expect the interpretation to be relevant to the Target Group.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Target Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Target Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Target Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between companies comprising the Target Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Target Group.

In the Target Company's balance sheets the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2(e)). The results of subsidiaries are accounted by the Target Company on the basis of dividend received and receivable.

(b) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

(c) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Target Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in Hong Kong dollars ("HK$"), which is the Target Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statements.

(iii) Group companies

The results and financial position of all entities of the Target Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the consolidated income statement as part of the gain or loss on sale.

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent cost is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Target Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvements	over the shorter of their useful lives or lease terms
Furniture, fixtures and equipment	5 years
Computer hardware	3 – 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised within other income, in the consolidated income statements.

(e) Impairment of investments in subsidiaries and non-financial assets

Assets that have an indefinite useful life or have not yet available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Financial assets – trade and other receivables

The Target Group's financial assets comprise trade and other receivables.

Trade and other receivables are recognised initially at fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Target Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated income statements within administrative expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against administrative expenses in the consolidated income statements.

(g) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. The cost of finished goods and work in progress comprises raw material, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling and distribution costs.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of within three months.

(i) Share capital

Ordinary shares are classified as equity.

(j) Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(k) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Target Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(l) Current and deferred income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Target Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations where applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax 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 financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, 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.

(m) Employee benefits

(i) Pension obligations

The companies comprising the Target Group which are established in the PRC make contributions based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Target Group has no further obligation for post-retirement benefits beyond the contributions made.

The companies comprising the Target Group which are operated in Hong Kong operate defined contribution plans, the assets of which are generally held in a separate trustee-administered funds. These companies pay fixed contribution into such defined contribution plans and have no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to pay all employees the benefits relating to employees' services in the current and prior periods.

Contributions to these defined contributions plans are expensed as incurred.

(ii) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(iii) Bonus entitlement

Provisions for bonus payment are recognised when the Target Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(n) Provisions

Provisions are recognised when the Target Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as an interest expense.

(o) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Target Group's activities. Revenue derived from network solutions and project service contracts is recognised on stage of completion method, measured by reference to the agreed milestones of work performed and is shown after eliminating sales within the Target Group.

The Target Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Target Group's activities as described below. The Target Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Warranty and maintenance service income is recognised over the relevant contract period on straightline basis.

Interest income is recognised on a time-proportion basis using the effective interest method.

(p) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on the straight-line basis over the period of the lease.

(q) Dividend distribution

Dividend distribution to the Target Company's shareholders is recognised as a liability in the Target Group's Financial Information in the period in which the dividends are approved by the Target Company's shareholders.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Target Group's activities expose it to a variety of financial risks: credit risk, interest rate risk, liquidity risk and foreign currency risk. The Target Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Group's financial performance.

(i) Credit risk

The Target Group and Target Company has no significant concentration of credit risk. The fair values of cash and cash equivalents, short-term bank deposits with original terms of less than three months, restricted cash, trade and other receivables, amounts due from ultimate holding company, subsidiary, fellow subsidiaries and related companies represent the Target Group's maximum exposure in relation to financial assets.

The Target Group has policies to limit the amount of credit exposure to any customers, to ensure that sales of products or services are made to customers with an appropriate credit history and to perform periodic credit evaluations of its customers. The Target Group's historical experience in collection of trade and other receivables, amounts due from ultimate holding company, subsidiary, fellow subsidiaries and related companies falls within the recorded allowances.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to the counter party's default history. The current portion trade receivables which are not impaired are analysed below:

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables				
New customers (less than 12 months)	1,250	60	244	227
Existing customers (more than 12 months) with no defaults in the past	2,360	980	2,714	2,745
	3,610	1,040	2,958	2,972

(ii) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash from operating activities and the availability of funding through an adequate amount of committed credit facilities. The Target Group aims to maintain flexibility in funding by keeping committed credit lines available.

The Target Group's and Target Company's financial liabilities were current in nature and repayable on demand, therefore the contractual undiscounted cash flows of the Target Group's and Target Company's financial liabilities were less than one year at the respective balance sheets dates throughout the Relevant Periods.

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Borrowing facilities available	1,000	1,000	1,000	1,000
Borrowing facilities utilised	–	–	–	–
Undrawn borrowing facilities	1,000	1,000	1,000	1,000

(iii) Interest rate risk

The Target Group's income and operating cash flows are substantially independent of changes in market interest rates as the Target Group has no significant interest-bearing assets. The Target Group's exposures to changes in interest rates are mainly attributable to its borrowings.

Borrowings at variable rates expose the Target Group to cash flow interest-rate risk. Borrowings at fixed rates expose the Target Group to fair value interest-rate risk. Details of the Target Group's borrowings have been disclosed in Note 14 of this section.

The Target Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

The Target Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration of refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Target Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used. The scenarios are run only for liabilities that represent the major interest-bearing positions.

Based on the simulations performed, the impact on profit or loss of a 50 basis-point shift would be a maximum increase/decrease of HK$72,000, HK$72,000, HK$42,000, HK$36,000 and nil for the years ended 31 March 2005, 2006 and 2007 and six months ended 30 September 2006 and 2007, respectively.

(iv) Foreign currency risk

The Target Group is exposed to foreign currency risk arising from Renminbi ("RMB") currency exposures. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. In addition, the conversion of RMB into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC government. This currency exposure is managed primarily through sourcing raw material denominated in the same currency.

Certain of the assets of the Target Group are principally denominated in United States Dollar ("US$"). HK$ is pegged to US$, and thus foreign exchange exposure is considered as minimal. The Target Group currently does not have a foreign currency hedging policy.

Prior to the revaluation of RMB in July 2005, foreign exchange exposure with respect to RMB is considered as minimal. During the years ended 31 March 2006 and 2007 and the six months ended 30 September 2007, if HK$ had strengthened/weakened by 5% against the RMB, with all other variable held constant, post-tax profit for the year/period would have been approximately HK$2,000, HK$52,000 and HK$3,000, respectively, higher or lower. At 31 March 2006 and 2007 and 30 September 2007, if HK$ had strengthened/weakened by 5% against the RMB, equity would have been approximately HK$22,000, HK$87,000 and HK$73,000, respectively, lower or higher.

(b) Capital risk management

The capital structure of the Target Group consists of owner's equity and debts, which include borrowings from directors, a fellow subsidiary, related companies and a third party, amounts due to directors, ultimate holding company, fellow subsidiaries and related companies, time deposit, bank balances and cash and equity attributable to equity holders of the Target Company, comprising issued capital and retained earnings respectively.

The Target Group's objectives when managing capital are to finance its operations with its own capital and to safeguard the Target Group's ability to continue as a going concern in order to provide returns for shareholders.

The directors of the Target Company review the capital structure on an annual basis. As a part of this review, the directors of the Target Company consider the cost of capital and other sources of funds other than issuance of shares, including borrowings from directors, fellow subsidiaries and related companies and a third party. Based on the recommendation of the directors of the Target Company, the Target Group will balance its overall capital structure through raising or repayment of borrowings.

Where the capital level exceeds the working capital requirement, the Target Group may adjust the amount of dividends paid to shareholders to reduce the working capital level.

The capital structure of the Target Group at 31 March 2005, 2006 and 2007 and 30 September 2007 were as follows:

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and cash equivalents	848	1,932	1,475	3,598
Restricted cash	1,000	1,000	1,000	1,000
Loans from directors	3,044	3,044	–	–
Loan from a fellow subsidiary	–	–	–	1,500
Loans from related companies	11,082	11,082	–	–
Loans from a third party	3,374	3,374	–	–
Amounts due to directors	222	333	–	–
Amount due to ultimate holding company	12	12	12	12
Amounts due to fellow subsidiaries	56	56	54	54
Amounts due to related companies	1,427	2,219	1,253	1,279
Equity attributable to the Target Company's equity holders	8,206	7,695	7,368	8,069
	29,271	30,747	11,162	15,512

The Target Group is not subject to any externally imposed capital requirements. The Target Group's overall strategy remains unchanged throughout the Relevant Periods.

(c) Fair value estimation

The carrying amounts of the Target Group's financial assets including cash and cash equivalents, restricted cash, trade and other receivables, amounts due from ultimate holding company, fellow subsidiaries and related companies; and financial liabilities including trade and other payables, amounts due to ultimate holding company, fellow subsidiaries and related companies and loans from directors, a fellow subsidiary, related parties and a third party, approximate their fair values due to their short maturities. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Target Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates or assumptions that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of receivables

The Target Group records impairment of receivables based on an assessment of the recoverability of trade and other receivables, amounts due from ultimate holding company, fellow subsidiaries and related companies. Provisions for impairment are applied to trade and other receivables, amounts due from ultimate holding company, fellow subsidiaries and related companies where events or changes in circumstances indicate that the balances may not be collectible. Impairment assessment requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact carrying value of trade and other receivables and impairment charges in the period in which such estimate has been changed.

Allowance for obsolete inventories

The management of the Target Group reviews the inventories listing at each balance sheet date and identifies obsolete and slow moving inventory items which are no longer suitable for use in production. Allowance was made by reference to the latest market value for those inventories identified. In addition, the Target Group carries out an inventory review on a product-by-product basis at balance sheet date and makes the necessary write-down for obsolete items.

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in two business segments, the provision of network solutions and project services.

(a) Primary reporting format – business segments

During the Relevant Periods, the Target Group operates in two main business segments:

Network solutions – Provision of total system solution including data networking solution, synchronisation solution, timing solution, wireless local area network solution and network access control solution.

Project services – Provision of infrastructure installation services which include cellular base station and antenna system installation service, structural cabling installation service and microware installation service.

Other group operations mainly comprise the provision of warranty and maintenance service.

The segment results for the six months ended 30 September 2007 are as follows:

	Network solutions	**Project services**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	3,864	8,421	802	13,087
Segment results	876	1,988	350	3,214
Other income				78
Unallocated expenses				(2,458)
Finance costs				–
Profit before income tax				834
Income tax expense				(133)
Profit for the period attributable to equity holders of the Target Company				701
Other segment information				
Depreciation	52	–	49	101
Capital expenditure	–	–	245	245

The segment results for the six months ended 30 September 2006 are as follows:

	Network solutions	Project services	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	3,371	3,972	795	8,138
Segment results	565	1,009	491	2,065
Other income				38
Unallocated expenses				(2,189)
Finance costs				(348)
Loss before income tax				(434)
Income tax expense				–
Loss for the period attributable to equity holders of the Target Company				(434)
Other segment information				
Depreciation	63	–	12	75
Capital expenditure	–	–	26	26

The segment results for the year ended 31 March 2007 are as follows:

	Network solutions *HK$'000*	Project services *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue	7,823	9,470	1,400	18,693
Segment results	2,269	2,640	987	5,896
Other income				93
Unallocated expenses				(5,651)
Finance costs				(405)
Loss before income tax				(67)
Income tax expense				(260)
Loss for the year attributable to equity holders of the Target Company				(327)
Other segment information				
Depreciation	116	–	25	141
Capital expenditure	–	–	32	32
Provision for impairment of trade receivables	32	–	–	32
Provision for impairment of amounts due from fellow subsidiaries	–	–	–	1,021
Provision for impairment of amount due from a related company	–	–	–	21
Provision for impairment of inventories	7	39	–	46

The segment results for the year ended 31 March 2006 are as follows:

	Network solutions	**Project services**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	8,112	6,797	1,931	16,840
Segment results	2,307	1,642	982	4,931
Other income				85
Unallocated expenses				(4,849)
Finance costs				(678)
Loss before income tax				(511)
Income tax expense				–
Loss for the year attributable to equity holders of the Target Company				(511)
Other segment information				
Depreciation	168	–	33	201
Capital expenditure	–	–	87	87

The segment results for the year ended 31 March 2005 are as follows:

	Network solutions	Project services	Others	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	5,517	8,647	1,768	15,932
Segment results	1,998	2,299	955	5,252
Other income				26
Unallocated expenses				(4,698)
Finance costs				(672)
Loss before income tax				(92)
Income tax expense				(1,407)
Loss for the year attributable to equity holders of the Target Company				(1,499)
Other segment information				
Depreciation	76	–	96	172
Capital expenditure	–	–	329	329
Provision for impairment of inventories	38	11	–	49

Segment assets consist primarily of property, plant and equipment, inventories, trade and other receivables. Unallocated assets comprise cash and cash equivalents, restricted cash and amounts due from ultimate holding company, fellow subsidiaries and related companies.

Segment liabilities comprise operating liabilities. Unallocated liabilities comprise items such as borrowings.

Capital expenditure comprises additions to property, plant and equipment (Note 6).

The segment assets and liabilities as at 30 September 2007 are as follows:

	Network solutions	**Project services**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	4,278	4,231	127	8,636
Unallocated assets				13,181
				21,817
Segment liabilities	4,439	3,853	424	8,716
Unallocated liabilities				5,032
				13,748

The segment assets and liabilities as at 31 March 2007 are as follows:

	Network solutions	**Project services**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	3,376	3,540	–	6,916
Unallocated assets				10,955
				17,871
Segment liabilities	3,380	3,195	675	7,250
Unallocated liabilities				3,253
				10,503

The segment assets and liabilities as at 31 March 2006 are as follows:

	Network solutions	**Project services**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	1,040	1,198	423	2,661
Unallocated assets				32,248
				34,909
Segment liabilities	1,515	2,407	1,006	4,928
Unallocated liabilities				22,286
				27,214

The segment assets and liabilities as at 31 March 2005 are as follows:

	Network solutions	**Project services**	**Others**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment assets	3,927	3,020	244	7,191
Unallocated assets				30,543
				37,734
Segment liabilities	4,135	3,478	557	8,170
Unallocated liabilities				21,358
				29,528

(b) Secondary reporting format – geographical segments

The Target Group is operating in two main geographical areas, Hong Kong and the PRC.

The Target Group's turnover by geographical location is determined by the country in which the customer is located. There are no sales or other transactions between the geographical segments.

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Turnover:					
Hong Kong	14,954	14,670	17,671	7,018	13,087
PRC	978	2,170	1,022	1,120	–
	15,932	16,840	18,693	8,138	13,087

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

Segment assets consist primarily of property, plant and equipment, inventories and trade and other receivables.

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Total assets:				
Hong Kong	33,328	32,951	16,778	20,780
PRC	4,406	1,958	1,093	1,037
	37,734	34,909	17,871	21,817

Capital expenditure is allocated based on where the assets are located and comprises additions to property, plant and equipment.

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Capital expenditure:					
Hong Kong	22	78	32	26	245
PRC	307	9	–	–	–
	329	87	32	26	245

6 PROPERTY, PLANT AND EQUIPMENT – TARGET GROUP

	Leasehold improvements *HK$'000*	Furniture, fixtures and equipment *HK$'000*	Computer hardware *HK$'000*	Total *HK$'000*
Cost				
As at 1 April 2004	3	3,300	1,776	5,079
Additions	–	329	–	329
Disposals	–	(12)	–	(12)
As at 31 March 2005	3	3,617	1,776	5,396
Additions	–	87	–	87
Disposals	–	(102)	–	(102)
As at 31 March 2006	3	3,602	1,776	5,381
Additions	–	32	–	32
Disposals	(3)	(641)	(42)	(686)
As at 31 March 2007	–	2,993	1,734	4,727
Additions	79	166	–	245
Disposals	–	(219)	–	(219)
As at 30 September 2007	79	2,940	1,734	4,753
Depreciation				
As at 1 April 2004	3	3,003	1,762	4,768
Charge of the year	–	158	14	172
Disposals	–	(12)	–	(12)
As at 31 March 2005	3	3,149	1,776	4,928
Charge of the year	–	201	–	201
Disposals	–	(35)	–	(35)
As at 31 March 2006	3	3,315	1,776	5,094
Charge of the year	–	141	–	141
Disposals	(3)	(629)	(42)	(674)
As at 31 March 2007	–	2,827	1,734	4,561
Charge of the period	20	81	–	101
Disposals	–	(219)	–	(219)
As at 30 September 2007	20	2,689	1,734	4,443
Net book amount				
As at 31 March 2005	–	468	–	468
As at 31 March 2006	–	287	–	287
As at 31 March 2007	–	166	–	166
As at 30 September 2007	59	251	–	310

Depreciation of HK$172,000, HK$201,000, HK$141,000, HK$75,000 (unaudited) and HK$101,000 have been included in administrative expenses for the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007 respectively.

7 INVENTORIES – TARGET GROUP

	As at 31 March			As at 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	43	49	49	46
Work in progress	1,743	470	750	2,652
Finished goods	1,485	1,534	2,226	1,855
	3,271	2,053	3,025	4,553
Less: Provision for obsolete inventories	(1,398)	(1,398)	(1,444)	(1,441)
Inventories, net	1,873	655	1,581	3,112

The cost of inventories included in cost of sales during the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2007 amounted to approximately HK$3,520,000, HK$5,806,000, HK$5,555,000 and HK$2,988,000 respectively.

The gross amount of inventories carried at net realisable value amounted to approximately HK$1,398,000, HK$1,398,000, HK$1,444,000 and HK$1,441,000 as at 31 March 2005, 2006 and 2007 and 30 September 2007. Full provision has been made with regard to these balances.

8 TRADE RECEIVABLES – TARGET GROUP

	As at 31 March			As at 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables from third parties	3,028	1,292	2,261	1,803
Trade receivables from related companies	1,852	398	2,947	3,428
	4,880	1,690	5,208	5,231
Less: provision for impairment of receivables	–	–	(32)	(32)
Trade receivables, net	4,880	1,690	5,176	5,199

Credit terms granted to customers by the Target Group are generally within three months. The ageing analysis of trade receivables based on due date at respective balance sheet dates is as follows:

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	3,610	1,040	2,958	2,972
31 – 60 days	354	172	515	288
61 – 90 days	116	214	779	1,120
Over 90 days	800	264	956	851
	4,880	1,690	5,208	5,231
Denominated in:				
HK$	2,597	1,144	4,523	4,105
Renminbi ("RMB")	2,055	483	32	32
US$	228	63	653	1,094
	4,880	1,690	5,208	5,231

For the year ended 31 March 2007, trade receivables of HK$32,000 had been impaired and were fully provided for. No impairment of trade receivables was provided for the years ended 31 March 2005 and 2006 and for the six months ended 30 September 2007. The individually impaired receivables mainly relate to smaller customers which were in financial difficulties. The ageing analysis of these non-recoverable receivables based on due date is as follows:

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Over 90 days	–	–	32	32

As at 31 March 2005, 2006 and 2007 and 30 September 2007, trade receivables of HK$1,270,000, HK$650,000, HK$2,218,000 and HK$2,227,000 respectively were past due but not impaired. These relate to a number of customers with no history of credit default and they are in continuous trading with the Target Group. The ageing analysis of these trade receivables based on due date is as follows:

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 – 60 days	354	172	515	288
61 – 90 days	116	214	779	1,120
Over 90 days	800	264	924	819
	1,270	650	2,218	2,227

Movements of provision for impairment of trade receivables are as follows:

	As at 31 March			As at 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At beginning of the year/period	–	–	–	32
Provision for impairment of receivables	–	–	32	–
At end of the year/period	–	–	32	32

The origination of provision for impaired receivables has been included in administrative expenses in the consolidated income statements (Note 16). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The Target Group does not hold any collateral as security.

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – TARGET GROUP

	As at 31 March			As at 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other receivables	10	10	43	87
Deposits	35	23	130	100
Prepayments	64	109	110	211
	109	142	283	398
Denominated in:				
HK$	74	118	283	391
RMB	35	24	–	7
	109	142	283	398

The carrying amounts of the Target Group's other receivables, deposits and prepayments approximate their fair values.

10 AMOUNTS DUE FROM/(TO) ULTIMATE HOLDING COMPANY, SUBSIDIARIES, FELLOW SUBSIDIARIES, RELATED COMPANIES AND DIRECTORS – TARGET GROUP AND TARGET COMPANY

The amounts due from/(to) ultimate holding company, subsidiaries, fellow subsidiaries, related companies and directors were denominated in HK$ and RMB. The balances are unsecured, interest-free and repayable upon demand. The carrying values of these balances approximate their fair values.

Amounts due from related companies are disclosed as follows:

		Target Group			
		As at 31 March			As at 30 September
		2005	2006	2007	2007
Name of related companies	Relationship	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cyber On-Air (BVI) Limited ("Cyber BVI")	Common director, Mr. Choi Wing Kin ("Mr. Choi")	–	11	21	21
Mongolia Energy Corporation (Greater China) Limited (formerly known as New World CyberBase (Greater China) Limited) ("Mongolia")	Common director, Mr. Lo Lin Shing, Simon ("Mr. Lo")	–	–	8	8
New World CyberBase (Shanghai) Limited	Common director, Dr. Cheng Kar Shun ("Dr Cheng") before 4 January 2007; Common director, Mr. Lo on or after 4 January 2007	28	28	29	29
New World Mobile Holdings Limited ("NWM")	Common director, Mr Lo	–	–	10	10
上海翰音網絡科技有限公司 (formerly known as 上海創時信息系統有限公司)	Subsidiary of NWM	530	405	400	400
上海易圖通信息技術有限公司廣州分公司	Subsidiary of NWM	–	15	–	–
		558	459	468	468
Provision for impairment of receivables		–	–	(21)	(21)
		558	459	447	447

As at 31 March 2007 and 30 September 2007, amounts due from fellow subsidiaries of HK$1,021,000 and amount due from a related company of HK$21,000 had been impaired and were fully provided for. No impairment of amounts due from ultimate holding company, fellow subsidiaries, related companies and directors was provided for 31 March 2005 and 2006.

The information relating to the amounts due from related companies, disclosed pursuant to Section 161B of the Hong Kong Companies Ordinance, is as follows:

	Target Group				
	Maximum amount outstanding during				
	Year ended 31 March			Six months ended 30 September	
	2005	2006	2007	2006	2007
Name of related companies	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Cyber BVI	–	11	21	11	21
Mongolia	–	–	8	–	8
New World CyberBase (Shanghai) Limited	28	28	29	29	29
NWM	–	–	10	–	10
上海翰音網絡科技有限公司	636	543	405	405	400
上海易圖通信息技術有限公司廣州分公司	–	15	15	15	–

11 RESTRICTED CASH – TARGET GROUP

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Restricted cash denominated in HK$	1,000	1,000	1,000	1,000

Restricted cash represents mandatory reserve deposits placed in a bank as pledges against facilities granted. The weighted average effective interest rate per annum on restricted cash was 0.35%, 2.75%, 2.6% and 2.7% as at 31 March 2005, 2006 and 2007 and 30 September 2007, respectively.

12 CASH AND CASH EQUIVALENTS – TARGET GROUP

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash at banks and on hand	848	1,932	1,475	2,038
Bank deposit	–	–	–	1,560
Cash and cash equivalents	848	1,932	1,475	3,598
Denominated in:				
HK$	663	1,746	1,183	2,812
RMB	102	66	208	172
US$	83	120	84	614
	848	1,932	1,475	3,598

The weighted average effective interest rate on short-term bank deposit was 3.75% per annum as at 30 September 2007. The deposit has an average maturity of 7 days as at 30 September 2007.

The Target Group's cash and bank balances denominated in RMB are deposited with banks in the PRC. The conversion of these RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

Cash and cash equivalents include the following for the purposes of the consolidated cash flow statements:

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	848	1,932	1,475	3,598

As at 31 March 2005, 2006 and 2007 and 30 September 2007, no bank overdraft had been drawn by the Target Group.

The table below shows the bank deposits balance of the major counterparties as at 31 March 2005, 2006 and 2007 and 30 September 2007.

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Counterparties				
Listed banks				
– China Merchants Bank	20	4	166	160
– Bank of China	88	58	79	1,718
– China Construction Bank	9	2	–	–
– Hang Seng Bank	705	1,818	1,220	1,712
– Bank of Communications	2	8	3	1
Total listed banks	824	1,890	1,468	3,591
Non-listed bank				
– Agricultural Bank of China	13	13	–	–
Total non-listed bank	13	13	–	–
Cash at banks	837	1,903	1,468	3,591
Cash on hand	11	29	7	7
Total cash and bank	848	1,932	1,475	3,598

Management does not expect any losses from non-performance by these counterparties.

13 TRADE PAYABLES – TARGET GROUP

The aging analysis of trade payables based on due date is as follows:

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
0 – 30 days	3,242	2,513	3,295	4,668
31 – 60 days	1,131	253	390	233
61 – 90 days	543	65	271	127
Over 90 days	742	939	1,281	541
	5,658	3,770	5,237	5,569
Denominated in:				
HK$	4,534	3,099	3,759	4,597
RMB	110	140	66	65
US$	1,014	531	1,412	907
	5,658	3,770	5,237	5,569

The carrying amounts of the Target Group's trade payables approximate their fair values.

14 LOANS FROM DIRECTORS, A FELLOW SUBSIDIARY, A THIRD PARTY AND RELATED COMPANIES – TARGET GROUP AND TARGET COMPANY

The loans from directors, a fellow subsidiary, a third party and related companies are denominated in HK$. The balances are analysed as follows:

	Target Group			
		Interest bearing at		
	Non–interest bearing	PRIME per annum	HIBOR plus 2% per annum	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Balances as at 31 March 2005 and 2006				
Loans from directors				
Mr. Choi *(Note (a))*	1,187	–	1,662	2,849
Mr. So Kam Wing ("Mr. So") *(Note (a))*	81	–	114	195
	1,268	–	1,776	3,044
Loans from related companies				
Cyber Network Technology Limited ("Cyber Network") *(Note (b))*	–	1,200	9,100	10,300
Wellington Equities Inc. ("Wellington") *(Note (c))*	326	–	456	782
	326	1,200	9,556	11,082
Loans from a third party				
Wong Kwok Kin *(Note (d))*	1,406	–	1,968	3,374
Total loans as at 31 March 2005 and 2006	3,000	1,200	13,300	17,500

	Target Company		
	Non interest bearing	Interest bearing at HIBOR plus 2% per annum	Total
	HK$'000	*HK$'000*	*HK$'000*
Balances as at 31 March 2005 and 2006			
Loans from directors			
Mr. Choi *(Note (a))*	1,187	1,662	2,849
Mr. So *(Note (a))*	81	114	195
	1,268	1,776	3,044
Loans from related companies			
Cyber Network *(Note (b))*	–	800	800
Wellington *(Note (c))*	326	456	782
	326	1,256	1,582
Loans from a third party			
Wong Kwok Kin *(Note (d))*	1,406	1,968	3,374
Total loans as at 31 March 2005 and 2006	3,000	5,000	8,000

(a) The amounts as at 31 March 2005 and 2006 were unsecured and repayable on demand. An amount of HK$1,268,000 was interest-free and the remaining amount of HK$1,776,000 borne interest at the Hong Kong Interbank Offered Rate ("HIBOR") plus 2% per annum.

(b) An amount of HK$800,000 borrowed by the Target Company as at 31 March 2005 and 2006 borne interest at HIBOR plus 2% per annum and was unsecured and repayable on demand.

Another amount of HK$1,200,000 borrowed by other companies comprising the Target Group as at 31 March 2005 and 2006 was guaranteed by IEC and borne interest at the best lending rate ("PRIME") quoted by The Hongkong and Shanghai Banking Corporation Limited and repayable on 30 June 2006.

The remaining amount of HK$8,300,000 borrowed by other company of comprising the Target Group as at 31 March 2005 and 2006 was guaranteed by IEC and borne interest at HIBOR plus 2% per annum and repayable on 30 June 2006.

Cyber Network is a company in which one of its directors is also a director of the Target Company's ultimate holding company, IEC.

(c) The loan from Wellington as at 31 March 2005 and 2006 was unsecured and repayable on demand. An amount of HK$326,000 is interest-free and the remaining amount of HK$456,000 borne interest at HIBOR plus 2% per annum.

Wellington is a company in which Mr. Lo, a director of the Company, has a beneficial interest.

(d) The amounts as at 31 March 2005 and 2006 were unsecured and repayable on demand. An amount of HK$1,406,000 was interest-free and the remaining amount of HK$1,968,000 borne interest at HIBOR plus 2% per annum.

Mr. Wong Kwok Kin was the director of the Target Company for the period from 15 December 2000 to 4 December 2001.

Balance as at 30 September 2007

The loan of HK$1,500,000 from Lucky Genius Limited, a wholly owned subsidiary of the ultimate holding company, was unsecured, interest-free and repayable on 31 October 2007. The directors of the Target Company confirmed that the outstanding balance as at 30 September 2007 had been fully settled as at the date of this report.

The carrying values of the loans from directors, related companies, a third party and a fellow subsidiary approximate their fair values.

15 SHARE CAPITAL – TARGET COMPANY

	Ordinary shares of HK$0.01 each	
	No. of shares	*HK$*
Authorised:		
As at 1 April 2004, 31 March 2005, 2006 and 2007 and 30 September 2007	30,000,000	300,000
Issued and fully paid:		
As at 1 April 2004, 31 March 2005, 2006 and 2007 and 30 September 2007	10,000	100

16 EXPENSES BY NATURE

Expenses included in cost of sales, distribution costs and administrative expenses are analysed as follows:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Auditors' remuneration	105	80	91	48	47
Cost of inventories *(Note 7)*	3,520	5,806	5,555	2,806	2,988
Depreciation of property, plant and equipment *(Note 6)*	172	201	141	75	101
Employee benefit expenses *(Note 17)*	2,800	3,046	3,045	1,456	1,695
Legal and professional fees	101	76	50	15	15
Management fee *(Note 25(b))*	40	480	509	240	26
Office expenses	673	415	324	161	190
Operating lease rentals in respect of buildings	467	183	171	99	263
Provision for impairment of amounts due from fellow subsidiaries *(Note 10)*	–	–	1,021	–	–
Provision for impairment of amount due from a related company *(Note 10)*	–	–	21	–	–
Provision for impairment of obsolete inventories *(Note 7)*	49	–	46	–	–
Provision for impairment of trade receivables *(Note 8)*	–	–	32	–	–
Subcontracting fees	7,160	6,103	7,242	3,267	6,885
Traveling expenses	161	138	82	42	30
Other expenses	130	230	118	53	91
Total cost of sales, distribution costs and administrative expenses	15,378	16,758	18,448	8,262	12,331

17 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK\$'000	*HK\$'000*	*HK\$'000*	*HK\$'000*	*HK\$'000*
				(Unaudited)	
Wages, salaries and bonuses	2,356	2,565	2,731	1,285	1,472
Contributions to pension schemes (a)	212	194	192	94	78
Welfare and allowance	56	40	37	37	77
Sales commission paid to employees	176	244	85	40	68
Severance payments	–	3	–	–	–
	2,800	3,046	3,045	1,456	1,695

(a) Pensions scheme – defined contribution plans

The employees of the Target Group in the PRC participate in defined contribution retirement schemes in accordance with the relevant laws and regulations. Each employee covered by these schemes is entitled, after his/her retirement from the Target Group, to a monthly pension as determined by these schemes. The local government authorities of the PRC are responsible for the pension liabilities to these retired employees. The Target Group made monthly contributions to these schemes at rates ranging from 31% to 44% of the basic salaries of employees during the Relevant Periods.

The Target Group has arranged for its Hong Kong employees to join the mandatory provident scheme (the "MPF Scheme"), under which each company of the Target Group in Hong Kong (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. The contributions from each of the employers and employees are subject to a cap of HK$1,000 per month and thereafter contributions are voluntary. For the Relevant Periods, no contributions were forfeited.

The Target Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments mentioned above.

18 EMOLUMENTS OF DIRECTORS AND SENIOR MANAGEMENT

(a) Directors' emoluments

The total remuneration of the directors for each of the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007 are approximately HK$363,000, HK$513,000, HK$512,000, HK$246,000 and HK$253,000, respectively.

Details of the directors' emoluments are as follows:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Fees	–	–	–	–	–
Salary	280	480	480	240	247
Discretionary bonuses	20	20	20	–	–
Other benefits and allowances	56	1	–	–	–
Employer's contribution to pension scheme	7	12	12	6	6
	363	513	512	246	253

Emoluments of the individuals were within the following band:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
HK$ Nil – HK$1,000,000	3	3	3	3	3

(b) Five highest paid individuals

During the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007, the five individuals whose emoluments are the highest in the Target Group include one director only, whose emoluments are reflected in the analysis presented in note (a) above. The emoluments for the remaining individuals during the Relevant Periods are as follows:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Basic salaries, housing allowances, other allowances and benefits in kind	1,171	1,562	1,328	778	833
Bonuses	52	61	54	–	–
Contributions to retirement schemes	53	58	48	30	30
	1,276	1,681	1,430	808	863

The emoluments payable to these individuals during the Relevant Periods fell within the following bands:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
Emolument bands					
HK$ Nil to HK$1,000,000	4	4	4	4	4

(c) During the Relevant Periods, none of the directors of the Target Group waived or agreed to waive any emoluments and no emoluments were paid by the Target Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Target Group or as compensation for loss of office.

19 OTHER INCOME, NET

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Gain on disposal of property, plant and equipment	1	–	3	–	–
Sundry income	25	81	88	37	81
Net exchange gains/(losses)	–	4	2	1	(3)
	26	85	93	38	78

20 FINANCE COSTS

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest on loans wholly repayable within five years					
– from directors	111	111	65	56	–
– from related companies	429	456	275	236	–
– from a third party	111	111	65	56	–
Interest on bank overdrafts – wholly repayable within five years	21	–	–	–	–
	672	678	405	348	–

21 INCOME TAX EXPENSE

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Current income tax					
– Hong Kong profits tax	–	–	260	–	133
– PRC enterprise income tax ("EIT")	1,407	–	–	–	–
	1,407	–	260	–	133

Provision for EIT is calculated based on the statutory income tax rate of 33% (including State EIT at 30% and local EIT at 3%), after taking into account the relevant applicable tax concessions mentioned below, on the assessable income of each of the PRC subsidiaries of the Target Group during the Relevant Periods as determined in accordance with the relevant PRC income tax rules and regulations.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "new EIT Law"), which is effective from 1 January 2008. Under the new EIT Law, the applicable EIT rate of the subsidiaries established in the PRC will be changed since 33% to 25% since 1 January 2008.

The tax of the Target Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the tax rate of 17.5% in Hong Kong as follows:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (*Unaudited*)	*HK$'000*
(Loss)/profit before income tax	(92)	(511)	(67)	(434)	834
Tax calculated at the statutory rate of 17.5%	(16)	(89)	(12)	(76)	146
Effect of different tax rates applicable to subsidiaries in the PRC	559	(8)	(154)	(28)	(8)
Income not subject to tax	–	(8)	(11)	(6)	(8)
Expenses not deductible for tax purposes	856	119	71	61	–
Utilisation of previously unrecognised tax losses	(219)	(14)	(25)	(18)	–
Tax losses for which no deferred income tax asset was recognised	227	–	391	67	3
Tax charge	1,407	–	260	–	133

Deferred income tax assets are recognised for tax losses carry forward to the extent that realization of the related tax benefit through the future taxation profits is probable. The Target Group has unrecognised tax losses of approximately HK$26,798,000, HK$26,784,000, HK$25,821,000 and HK$25,751,000 as at 31 March 2005, 2006 and 2007 and 30 September 2007, respectively to carry forward against future taxable income. No deferred tax assets in respect of such losses have been recognised as at 31 March 2005, 2006 and 2007 and 30 September 2007 due to uncertainty of their future recoverability. The tax losses of HK$18,294,000, HK$18,231,000, HK$16,275,000 and HK$16,151,000 as at 31 March 2005, 2006 and 2007 and 30 September 2007, respectively have no expiry period. The remaining tax losses of HK$8,504,000, HK$8,553,000, HK$9,546,000 and HK$9,600,000 as at 31 March 2005, 2006 and 2007 and 30 September 2007, respectively will be expired within five years.

22 EARNINGS/(LOSSES) PER SHARE

No earnings/(losses) per share information is presented as its inclusion, for the purpose of this report, is not considered meaningful.

23 DIVIDENDS

No dividend has been paid or declared by the Target Company during the Relevant Periods.

24 NOTES TO CONSOLIDATED CASH FLOW STATEMENTS

(a) Reconciliation of (loss)/profit for the year/period to net cash inflow from operations:

	Year ended 31 March			Six months ended 30 September	
	2005	2006	2007	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
(Loss)/profit for the year/ period	(92)	(511)	(67)	(434)	834
Adjustment for:					
– interest expense	672	678	405	348	–
– interest income	(3)	(47)	(64)	(33)	(48)
– depreciation of property, plant and equipment	172	201	141	75	101
– Gain on disposal of property, plant and equipment	(1)	–	(3)	–	–
– provision for obsolete inventories	49	–	46	–	–
– provision for impairment of trade receivables	–	–	32	–	–
– provision for impairment of amounts due from fellow subsidiaries	–	–	1,021	–	–
– provision for impairment of amounts due from a related company	–	–	21	–	–

	Year ended 31 March			Six months ended 30 September	
	2005	2006	2007	2006	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Changes in working capital:					
– inventories	(841)	1,218	(972)	(243)	(1,531)
– trade receivables	(921)	3,190	(3,518)	(2,119)	(23)
– other receivables, deposits and prepayments	24	(33)	(141)	(461)	(115)
– amounts due from ultimate holding company, fellow subsidiaries and related companies	654	(818)	570	(1,889)	(10)
– trade payables	(287)	(1,888)	1,467	1,671	332
– other payables and accruals	1,145	(1,202)	363	1,835	1,254
– amounts due to directors, ultimate holding company, fellow subsidiaries and related companies	529	448	176	652	26
Cash generated from/(used in) operations	1,100	1,236	(523)	(598)	820

(b) Proceeds from disposal of property, plant and equipment

In the consolidated cash flow statements, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Net book amount:					
– Property, plant and equipment	–	67	12	–	–
Gain on disposal of property, plant and equipment	1	–	3	–	–
Proceeds from disposal of property, plant and equipment	1	67	15	–	–

(c) Analysis of changes in financing during the year/period

Loans from directors, a fellow subsidiary, related companies and a third party:

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Beginning of the year/period	17,000	17,500	17,500	17,500	–
Proceeds of borrowings	500	–	–	–	1,500
Settlement of borrowings through set off against amounts due from fellow subsidiaries	–	–	(17,500)	–	–
End of the year/period	17,500	17,500	–	17,500	1,500

25 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

During the Relevant Periods, the Target Group has carried out significant transactions with the following related parties:

(a) Name and relationship with related parties

Name of related party	Principal business activities	Relationship with the Target Group
Mr. Lo	Not applicable	Executive director of IEC
Dr. Cheng	Not applicable	Executive director and substantial shareholder of IEC
Mr. Choi	Not applicable	Executive director of IEC
Mr. So	Not applicable	Executive director of IEC
AnBo Global Company Limited	Investment holding company	Wholly owned subsidiary of IEC
Cyber Network	Investment holding company	Company controlled by a common director, Mr. Lo
Cyber BVI	Investment holding company	Company controlled by a common director, Mr. Choi
Cyber On-Air Multimedia Limited	Investment holding company	Wholly owned subsidiary of IEC
IEC	Investment holding company	Ultimate holding company of the Target Company
Mongolia	Provision of management services	Company controlled by a common director, Mr. Lo
New World PCS Limited (“NWPCS”)	Provision of telecommunication services	Company controlled by Dr. Cheng
New World CyberBase (Shanghai) Limited	Investment holding company	Company controlled by a common director, Mr. Lo
NWM	Investment holding company	Company controlled by a common director, Mr. Lo
New World Telecommunications Limited (“NWT”)	Provision of telecommunication services	Company controlled by Dr. Cheng
上海翰音網絡科技有限公司	Investment holding Company	Subsidiary of NWM
上海易圖通信息技術有限公司廣州分公司	Investment holding company	Subsidiary of NWM
Wellington	Investment holding company	Company controlled by a common director, Mr. Lo
廣東安博信息服務有限公司	Dormant	Subsidiary of IEC
Cyber Awake Limited	Dormant	Subsidiary of IEC

(b) Related party transactions

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Continuing					
Project service income from NWPCS *(Note iii)*	4,987	3,267	639	639	–
Project service income from NWT *(Note iii)*	–	–	–	–	2,245
Discontinued					
Rentals and office administrative expenses to Mongolia *(Note i)*	494	7	–	–	–
Rentals and office administrative expenses to 上海翰音網絡科技有限公司 *(Note i)*	79	157	126	85	–
Management fee to Mongolia *(Note i)*	40	480	509	240	26
Interest on loans wholly repayable within five years *(Note ii)*					
– from directors	111	111	65	56	–
– from related companies	429	456	275	236	–

These transactions were conducted at terms pursuant to agreements entered into between the Target Group and the respective related parties.

Notes:

(i) Mongolia and 上海翰音網絡科技有限公司 provided office space, administrative and management services to the Target Group.

(ii) Details of the interest rates and terms of the loans granted by directors and related companies are disclosed in Note 14.

(iii) Project service income was received from NWPCS/NWT in accordance with terms agreed by both parties.

(c) Balances with related parties

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amount due from ultimate holding company				
– IEC	7,338	7,919	7,710	7,710
Amounts due from fellow subsidiaries				
– Cyber On-Air Multimedia Limited	17,906	17,947	–	–
– AnBo Global Company Limited	2,462	2,484	–	–
–廣東安博信息服務有限公司	292	342	–	10
	20,660	20,773	–	10
Amounts due from related companies				
– Cyber BVI	–	11	–	–
– Mongolia	–	–	8	8
– New World CyberBase (Shanghai) Limited	28	28	29	29
– NWM	–	–	10	10
–上海翰音網絡科技有限公司	530	405	400	400
–上海易圖通信息技術有限公司廣州分公司	–	15	–	–
	558	459	447	447
Amounts due to directors				
– Mr. Choi	208	312	–	–
– Mr. So	14	21	–	–
	222	333	–	–
Amount due to ultimate holding company				
– IEC	12	12	12	12

	As at 31 March			As at 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Amounts due to fellow subsidiaries				
– Cyber On-Air Multimedia Limited	42	42	42	42
–廣東安博信息服務有限公司	12	12	12	12
– Cyber Awake Limited	2	2	–	–
	56	56	54	54
Amounts due to related companies				
– Mongolia	644	1,010	1,239	1,265
– Wellington	57	86	–	–
– Cyber Network	696	1,123	–	–
–上海易圖通信息技術有限公司廣州分公司	30	–	14	14
	1,427	2,219	1,253	1,279

(d) Loans from directors, a fellow subsidiary and related companies

	As at 31 March			As at 30 September
	2005	2006	2007	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Loans balances				
Beginning of the year/period	13,626	14,126	14,126	–
Loans drawn during the year/period	500	–	–	1,500
Repayments during the year/period	–	–	(14,126)	–
End of the year/period	14,126	14,126	–	1,500
Interest of loans included in amounts due to related companies				
Beginning of the year/period	324	753	1,209	–
Interest expense	429	456	275	–
Interest settled during the year/period through set off against amounts due from related companies	–	–	(1,484)	–
End of the year/period	753	1,209	–	–
Interest of loans included in amounts due to directors				
Beginning of the year/period	111	222	333	–
Interest expense	111	111	65	–
Interest settled during the year/period through set off against amounts due from directors	–	–	(398)	–
End of the year/period	222	333	–	–

The directors of the Target Company confirmed that the outstanding balances as at 30 September 2007 have been fully settled as at the date of this report.

26 COMMITMENTS

(a) The Target Group did not have any material capital commitments at the respective balance sheet dates.

(b) Operating lease commitments

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Office buildings	38	40	993	739
Office equipment	–	–	23	3
	38	40	1,016	742

The Target Group's future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 March			As at 30 September
	2005	**2006**	**2007**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Not later than 1 year	38	40	534	512
Later than 1 year and not later than 5 years	–	–	482	230
	38	40	1,016	742

27 LOSS ATTRIBUTABLE TO SHAREHOLDERS

The loss attributable to shareholders is dealt with in the financial statements of the Target Company to the extent of HK$5,000, HK$5,000, HK$5,000, HK$ Nil (unaudited) and HK$ Nil for the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006 and 2007 respectively.

28 ACCUMULATED LOSSES – TARGET COMPANY

Accumulated losses	*HK$'000*
At 1 April 2004	(34)
Loss for the year	(5)
At 31 March 2005	(39)
Loss for the year	(5)
At 31 March 2006	(44)
Loss for the year	(5)
At 31 March 2007	(49)
Loss for the period	–
At 30 September 2007	(49)
For the six months ended 30 September 2006 (Unaudited)	
At 1 April 2006	(44)
Loss for the period	–
	(44)

29 CONTINGENT LIABILITIES

During the year ended 31 March 2006, a worker (the "Plaintiff") filed a statement of claim against Cyber On-Air (Asia) Limited ("COAA"), a wholly owned subsidiary of the Target Company, and New Concept Electronic Engineering Company ("EEC"), a sub-contractor appointed by COAA, alleging that COAA and EEC failed to provide and maintain a safe place of work and consequently he suffered from sustained injury. He claimed for damages of approximately HK$2,070,000 with interest and costs thereof. The directors of the Target Company are of the view that it is not practicable at this stage to determine with certainty the amount of damages to be awarded to the Plaintiff. Accordingly, no provision was made as at 31 March 2006.

During the year ended 31 March 2007, the Plaintiff discontinued the claim against COAA.

30 PARTICULARS OF SUBSIDIARIES

(a) Details of subsidiaries

As of 31 March 2005, 2006 and 2007, 30 September 2007 and at the date of this report, the Target Company has interests in the following subsidiaries:

Name of subsidiaries	Place and date of incorporation/ establishment	Kind of legal entity	Class of shares held	Issued/registered and fully paid up capital	Effective interest held by the Target Company Directly %	Effective interest held by the Target Company Indirectly %	Principal activities and place of operation
China On-Air Inc. *(note b (iii))*	The British Virgin Islands 14 December 2000	Limited liability company	Ordinary	HK$1	–	100	Investment holding
COAA *(note b (i))*	Hong Kong 20 September 1994	Limited liability company	Ordinary Non-voting deferred	HK$100 HK$100,000[1]	–	100	Sales of telecommunication products, provision of network installation and warranty and maintenance services in Hong Kong
Cyber On-Air Limited *(note b (ii))*	Hong Kong 29 September 1999	Limited liability company	Ordinary Non-voting deferred	HK$100 HK$10,000,000[1]	100		Investment holding
Cyber On-Air Services Limited *(note b (ii))*	Hong Kong 23 February 2001	Limited liability company	Ordinary	HK$100	100		Dormant
Cyber On-Air Inc *(note b (iii))*	The United States of America 14 December 2000	Limited liability company	Ordinary	US$2	–	100	Dormant
上海創博數碼科技有限公司 *(note b (iv))*	PRC 1 November 2000	Wholly-owned foreign enterprise	–	Registered capital of US$210,000	–	100	Dormant
廣州創博數碼科技有限公司 *(note b (v))*	PRC 28 February 2001	Wholly-owned foreign enterprise	–	Registered capital of US$210,000	–	100	Provision of telecom systems installation and maintenance service in the PRC

(1) The deferred shares carry practically no rights to dividends nor to receive notice of nor to attend or vote at any general meeting of the relevant companies nor to participate in any distribution on winding up.

(a) Details of subsidiaries

There is no change in the Target Company's effective interest in each of the subsidiaries above during the Relevant Periods.

Other than the above subsidiaries, the Target Company had interests in the following subsidiaries which were liquidated during the Relevant Periods:

Name of subsidiaries	Place and date of incorporation/ establishment	Kind of legal entity	Class of shares held	Issued/registered and fully paid up capital	Effective interest held by the Target Company Directly	Indirectly	Principal activities and place of operation
					%	%	
Vantage Finance Corporation *(note b (iii))*	The British Virgin Islands 18 December 1998	Limited liability company	Ordinary	HK$10	–	100	Investment holding
Newave Technology Inc *(note b (iii))*	The British Virgin Islands 14 December 2000	Limited liability company	Ordinary	HK$1	–	100	Investment holding
China On-Air Limited *(note b (vi))*	Hong Kong 29 September 1999	Limited liability company	Ordinary	HK$10,000	–	100	Dormant

(b) Information of the auditors' of the subsidiaries:

(i) The statutory financial statements of this company for each of the years ended 31 March 2005, 2006 and 2007 were audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong.

(ii) The statutory financial statements of these companies for each of the years ended 31 March 2005 and 2006 were audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong. The statutory financial statements of these companies for the year ended 31 March 2007 were audited by Simon Y.P. Chan & Co., Certified Public Accountants, Hong Kong.

(iii) No statutory financial statements of these companies were prepared for the years ended 31 March 2005, 2006 and 2007 as there was no statutory requirement.

(iv) The statutory financial statements of this company for each for the years ended 31 March 2005, 2006 and 2007 were audited by Shanghai Jin Cheng Certified Public Accountants Limited, Certified Public Accountants, the PRC.

(v) The statutory financial statements of this company for each for the years ended 31 March 2005, 2006 and 2007 were audited by Guang Zhou Li Cheng Certified Public Accountants Limited, Certified Public Accountants, the PRC.

(vi) The statutory financial statements of this company for each of the years ended 31 March 2005 and 2006 were audited by Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong. The statutory financial statements of this company for the period from 1 April 2006 to 17 November 2006 (date of cessation) were audited by Simon Y.P. Chan & Co., Certified Public Accountants, Hong Kong.

(c) Loan to a subsidiary

The loan to a subsidiary was unsecured, interest free, denominated in HK$ and repayable on demand. The fair value of loan to a subsidiary is HK$8,000,000 as at 31 March 2005 and 2006 and was fully settled in November 2006.

The maximum exposure to credit risk at the reporting date is the fair value of the loan mentioned above.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company or any of the companies now comprising the Target Group in respect of any period subsequent to 30 September 2007. No dividend or distribution had been declared, made or paid by the Target Company or companies now comprising the Target Group in respect of any period subsequent to 30 September 2007.

Yours faithfully,
PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS ON THE COAG GROUP

Track record of the COAG Group

The table below sets out the income statements of the COAG Group for each of the three years ended 31 March 2007 and the six months ended 30 September 2006 and 2007.

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Revenue	15,932	16,840	18,693	8,138	13,087
Cost of sales	(10,680)	(11,909)	(12,797)	(6,073)	(9,873)
Gross profit	5,252	4,931	5,896	2,065	3,214
Other income	26	85	93	38	78
Distribution costs	(59)	(167)	(66)	(18)	(60)
Administrative expenses	(4,639)	(4,682)	(5,585)	(2,171)	(2,398)
Profit/(loss) from operations	580	167	338	(86)	834
Finance costs	(672)	(678)	(405)	(348)	–
(Loss)/profit before income tax	(92)	(511)	(67)	(434)	834
Income tax expenses	(1,407)	–	(260)	–	(133)
(Loss)/profit for the year/period	(1,499)	(511)	(327)	(434)	701

Overview

Since its establishment, the COAG Group has been and is principally engaged in the provision of wireless, broadband and multimedia enabling and system integration services in the Asia Pacific region through its principal subsidiary, Cyber On-Air (Asia) Limited ("COAA"). The main revenue streams are project services, network solutions and engineering services.

Analysis on the results of operation of the COAG Group during the three years ended 31 March 2007 and the six months ended 30 September 2006 and 2007:

Turnover

The COAG Group's business is divided into the following three business segments:

Network solutions	–	Providing total system solution including data networking solution, synchronization solution, timing solution, wireless local area network solution and network access control solution.
Project services	–	Providing infrastructure installation services for customers which include cellular base station and antenna system installation service, structural cabling installation service and microwave installation service.
Engineering services	–	Installation and maintenance of telecommunications products.

The table below sets out the breakdown of the COAG Group's turnover by business segments for each of the three years ended 31 March 2007 and the six months ended 30 September 2006 and 2007.

	Year ended 31 March			Six months ended 30 September	
	2005	**2006**	**2007**	**2006**	**2007**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Network solutions	5,517	8,112	7,823	3,371	3,864
Project services	8,647	6,797	9,470	3,972	8,421
Engineering services	1,768	1,931	1,400	795	802
	15,932	16,840	18,693	8,138	13,087

Other income

For the years ended 31 March 2005, 2006 and 2007, other income was mainly derived from the bank interest income and sundry income which amounted to HK$26,000, HK$85,000 and HK$93,000 respectively.

Other income increased from HK$38,000 in the six months ended 30 September 2006 to HK$78,000 in the six months ended 30 September 2007. The increase was attributable to both of the increase in bank interest income resulted from the increase in average balance of the COAG Group's bank deposits and other sundry income.

Administrative expenses

For the years ended 31 March 2005, 2006 and 2007, administrative expenses amounted to HK$4,639,000, HK$4,682,000 and HK$5,585,000 respectively. Administrative expenses mainly comprised staff cost and rental expenses.

Administrative expenses increased from HK$2,171,000 in the six months ended 30 September 2006 to HK$2,398,000 in the six months ended 30 September 2007. The increase was mainly attributed to the increment of staff cost of HK$186,000 in relation to the salary review taken place in April 2007.

Finance costs

For the years ended 31 March 2005, 2006 and 2007 and the six months ended 30 September 2006, finance costs amounted to HK$672,000, HK$678,000, HK$405,000 and HK$348,000 respectively, which represented the interest paid on loans from related companies, directors and independent third party. As the interest bearing loans were fully repaid in November 2006, no finance costs were recorded in the six months ended 30 September 2007.

Income tax expenses

No provision for taxation was made for the years ended 31 March 2006 and the six months ended 30 September 2006 as the COAG Group had no estimated assessable profits.

Provision for taxation for the year ended 31 March 2005 and 2007 and the six months ended 30 September 2007 amounted to HK$1,407,000, HK$260,000 and HK$133,000 respectively. Such provisions for Hong Kong profits tax were calculated at the rate of 17.5% on the estimated assessable profits for the year/period. Provision for PRC enterprise income tax was calculated based on the statutory income tax rate of 33%.

Loss for the year/period

Loss for the year decreased from HK$1,499,000 in the year ended 31 March 2005 to HK$511,000 in the year ended 31 March 2006. The decrease was mainly attributable to no provision of income tax expenses in 2006.

Loss for the year decreased from HK$511,000 in the year ended 31 March 2006 to HK$327,000 in the year ended 31 March 2007. The decrease was mainly attributable to the increase in turnover and improvement in gross profit ratio in 2007 as compared to 2006.

The COAG Group recorded loss attributable to equity holders for the six months ended 30 September 2006 amounted to approximately HK$434,000 and recorded an operating profit for the six months ended 30 September 2007 amounted to HK$701,000. The increase in profits was due to the significant increase in turnover from HK$8,138,000 in the six months ended 30 September 2006 to HK$13,087,000 in the six months ended 30 September 2007.

Analysis on the financial position of the COAG Group during the three years ended 31 March 2007 and the six months ended 30 September 2007.

Liquidity and financial resources

As at 31 March 2005, the cash and cash equivalents of the COAG Group amounted to HK$848,000. Advances from the ultimate holding company and fellow subsidiaries amounted to HK$7,338,000 and HK$20,660,000 respectively. The advances were unsecured, interest-free and had no fixed term of repayments.

As at 31 March 2006, the cash and cash equivalents of the COAG Group amounted to HK$1,932,000. Advances from the ultimate holding company and fellow subsidiaries amounted to HK$7,919,000 and HK$20,773,000 respectively. The advances were unsecured, interest-free and had no fixed term of repayments.

As at 31 March 2007, the cash and cash equivalents of the COAG Group amounted to HK$1,475,000. Advances from the ultimate holding company amounted to HK$7,710,000. The advances were unsecured, interest-free and had no fixed term of repayments.

As at 30 September 2007, the cash and cash equivalents of the COAG Group amounted to HK$3,598,000. Advances from the ultimate holding companies and fellow subsidiaries amounted to HK$7,710,000 and HK$10,000 respectively. The advances were unsecured, interest-free and had no fixed term of repayments.

Charges on assets

As at 31 March 2005, 2006 and 2007 and 30 September 2007, the COAG Group's bank deposits of HK$1.0 million was pledged to the bank to secure banking facility granted to the COAG Group.

Net current assets

The net current assets of the COAG Group amounted to HK$7,738,000, HK$7,408,000, HK$7,202,000 and HK$7,759,000 as at 31 March 2005, 2006 and 2007 and 30 September 2007 respectively.

The current ratio of the COAG Group as at 31 March 2005, 2006 and 2007 and 30 September 2007 were 1.26, 1.27, 1.69 and 1.56 respectively.

Material acquisitions and disposals of subsidiaries and associated companies

The COAG Group made no material acquisition and disposal of subsidiaries and associated companies during the three years ended 31 March 2007 and the six months ended 30 September 2007.

Capital structure

There was no change in the equity capital structure of the COAG Group for the three years ended 31 March 2007 and the six months ended 30 September 2007.

Exchange risk and hedging

As the majority of the COAG Group's transactions, assets and liabilities are denominated in Hong Kong dollars, the exchange rate risk of the COAG Group is considered to be minimal.

Accordingly, no financial instruments for hedging purposes were used by the COAG Group for the three years ended 31 March 2007 and the six months ended 30 September 2007.

Contingent liabilities

As at 31 March 2006, a worker during the financial year of 2006 filed a writ of summons in the High Count of Hong Kong against COAA and New Concept Electronic Engineering Company ("EEC"), the sub-contractor appointed by COAA, alleging that COAA and EEC failed to provide and maintain a safe place of work thus caused him to suffer from sustained injuries. He claimed for damages of approximately HK$2,070,000 together with interest and costs. The directors of COAG were of the view that it was not practicable to determine with certainty the amount of damages to be awarded to the plaintiff. Accordingly, no provision was made in the financial statements.

As at 31 March 2005 and 2007 and 30 September 2007, the COAG Group did not have any material contingent liabilities.

Staff, remuneration policies and retirement benefits

As at 31 March 2005, 2006 and 2007 and 30 September 2007, the COAG Group had 16, 19, 15 and 18 staff respectively. The COAG Group recognised the importance of maintaining good working relationship with its staff and accordingly strived to maintain remunerations at competitive level and in line with the market. According to the relevant rules and regulations in Hong Kong, eligible staff of the COAG Group is required to participate in employee retirement or Mandatory Provident Fund Scheme.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(a) Unaudited Pro Forma Balance Sheet

The following is an illustrative and unaudited pro forma balance sheet of the Enlarged Group which has been prepared based on the unaudited condensed consolidated balance sheet of the Group as set out in the published interim report of the Group for the six months ended 31 December 2007, after making pro forma adjustments as set out in the notes below.

This unaudited pro forma balance sheet of the Enlarged Group has been prepared to illustrate the effects of the Acquisition, as if the Acquisition had taken place on 31 December 2007. It has been presented in a manner consistent with both the format and accounting policies adopted by the Group. It has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed on 31 December 2007 or at any future date.

Unaudited pro forma balance sheet of the Enlarged Group

		Pro forma adjustments			
	The Group as at 31 December 2007	**Consolidated balance sheet of COAG as at 30 September 2007**	**Other pro forma adjustments**		**Unaudited pro forma balance sheet of the Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1)	*(Note 2)*		*Note*	
ASSETS					
Non-current assets					
Property, plant and equipment	4,835	310			5,145
Goodwill	–	–	2,924	*4*	2,924
	4,835	310	2,924		8,069

	The Group as at 31 December 2007	Pro forma adjustments: Consolidated balance sheet of COAG as at 30 September 2007	Other pro forma adjustments		Unaudited pro forma balance sheet of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1)	*(Note 2)*		*Note*	
Current assets					
Inventories	–	3,112			3,112
Trade receivables	42	5,199			5,241
Prepayments, deposits and other receivables	1,025	398			1,423
Amount due from ultimate holding company	–	7,710	(7,710)	*7*	–
Amounts due from fellow subsidiaries	–	10	(10)	*8*	–
Amounts due from related companies	813	447	(414)	*6, 8*	846
Tax recoverable	–	33			33
Restricted cash	–	1,000			1,000
Cash and bank balances	48,641	3,598	(3,295)	*3*	48,944
	50,521	21,507	(11,429)		60,599
Total assets	55,356	21,817	(8,505)		68,668
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share Capital	97,692	–			97,692
Other reserves	13,886	–			13,886
(Accumulated losses)/ retained earnings	(60,674)	8,069	(8,069)	*4, 7*	(60,674)
Total equity/(total equity holders' deficit)	50,904	8,069	(8,069)		50,904

		Pro forma adjustments			
	The Group as at 31 December 2007	Consolidated balance sheet of COAG as at 30 September 2007	Other pro forma adjustments		Unaudited pro forma balance sheet of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1)	*(Note 2)*		*Note*	
LIABILITIES					
Current liabilities					
Trade payables	155	5,569			5,724
Accrued charges, other payables, deposits received and deferred income	4,297	3,541	(410)	*6*	7,428
Amount due to ultimate holding company	–	12	(12)	*7*	–
Amounts due to fellow subsidiaries	–	54	(54)	*8*	–
Amounts due to related companies	–	1,279	(40)	*6, 8*	1,319
Current income tax liabilities	–	1,793			1,793
Loans from a fellow subsidiary	–	1,500	(1,500)	*8*	–
Loans from a related company	–	–	1,500	*8*	1,500
	4,452	13,748	(436)		17,764
Total liabilities	4,452	13,748	(436)		17,764
Total equity and liabilities	55,356	21,817	(8,505)		68,668
Net current assets	46,069	7,759	(10,993)		42,835
Total assets less current liabilities	50,904	8,069	(8,069)		50,904

Note:

1. The balances are extracted from the unaudited condensed consolidated balance sheet of the Group as at 31 December 2007 as set out in the interim report of the Group for the six months ended 31 December 2007.

2. The balances are extracted from the accountant's report of COAG as set out in appendix II to this circular.

3. The adjustment represents the cash consideration of HK$2 million and estimated transaction costs of HK$1.295 million in connection of the Acquisition.

4. Upon completion of the Acquisition, the identifiable assets and liabilities of COAG will be accounted for in the consolidated financial statements of the Enlarged Group at fair value under the purchase method of accounting in accordance with Hong Kong Financial Reporting Standard 3 "Business Combinations" ("HKFRS 3"). For the purpose of the unaudited pro forma balance sheet of the Enlarged Group, the Directors have estimated the fair values of the identifiable assets and liabilities of COAG as at 30 September 2007 with reference to the valuation reports issued by Jones Lang LaSalle Sallmanns and in the opinion that such fair values did not materially differ from the corresponding carrying values. The amount in excess of the consideration over the Group's share of fair value of the net identifiable assets of COAG is recognised as goodwill.

5. Since the fair values of the identifiable assets and liabilities of COAG, the consideration and the transaction costs at the date of acquisition may be different from their respective fair values used in the preparation of the above unaudited pro forma balance sheet of the Enlarged Group, the actual amount of goodwill, if any, may be different from the estimated amount shown in this appendix.

6. The adjustment represents the elimination of balances between the Group and COAG.

7. The adjustment represents the waiver of balances due from IEC by COAG pursuant to the Deed of Waiver dated 27 December 2007.

8. The adjustment represents the reclassification of loans from a fellow subsidiary and amounts due from/(to) fellow subsidiaries, to loans from a related company and amounts due from/(to) related companies.

9. No adjustments have been made to reflect any trading results or other transactions of the Group and COAG entered into subsequent to 31 December 2007 and 30 September 2007 respectively.

(b) Unaudited Pro Forma Income Statement

The following is an illustrative and unaudited pro forma income statement of the Enlarged Group which has been prepared based on the unaudited condensed consolidated income statement of the Group as set out in the published interim report of the Group for the six months ended 31 December 2007, after making pro forma adjustments as set out in the notes below.

This unaudited pro forma income statement of the Enlarged Group has been prepared to illustrate the effects of the Acquisition, as if the Acquisition had taken place on 1 July 2007. It has been presented in a manner consistent with both the format and accounting policies adopted by the Group. It has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the results of the Enlarged Group had the Acquisition been completed on 1 July 2007 or at any future date.

		Pro forma adjustments	
	The Group for the six months ended 31 December 2007	Consolidated income statement of COAG for the six months ended 30 September 2007	Unaudited pro forma income statement of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
Revenue	318	13,087	13,405
Cost of sales	(677)	(9,873)	(10,550)
Gross (loss)/profit	(359)	3,214	2,855
Other income	927	78	1,005
Selling expenses	(68)	(60)	(128)
Administrative expenses	(6,267)	(2,398)	(8,665)

	The Group for the six months ended 31 December 2007	Pro forma adjustments Consolidated income statement of COAG for the six months ended 30 September 2007	Unaudited pro forma income statement of the Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
Operating (loss)/profit before finance costs	(5,767)	834	(4,933)
Finance costs	–	–	–
(Loss)/profit before income tax	(5,767)	834	(4,933)
Income tax expense	–	(133)	(133)
(Loss)/profit for the period attributable to equity holders of the Company	(5,767)	701	(5,066)

Note:

1. The balances are extracted from the unaudited condensed consolidated income statement of the Group for the six months ended 31 December 2007 as set out in the interim report of the Group for the six months ended 30 June 2007.

2. The balances are extracted from the accountant's report of COAG as set out in appendix II to this circular.

3. No adjustments have been made to reflect any trading results or other transactions of the Group and COAG entered into subsequent to 31 December 2007 and 30 September 2007 respectively.

(c) Unaudited Pro Forma Cash Flow Statement

The following is an illustrative and unaudited pro forma cash flow statement of the Enlarged Group which has been prepared based on the unaudited condensed consolidated cash flow statement of the Group as set out in the published interim report of the Group for the six months ended 31 December 2007, after making pro forma adjustments as set out in the notes below.

This unaudited pro forma cash flow statement of the Enlarged Group has been prepared to illustrate the effects of the Acquisition, as if the Acquisition had taken place on 1 July 2007. It has been presented in a manner consistent with both the format and accounting policies adopted by the Group. It has been prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture of the results of the Enlarged Group had the Acquisition been completed on 1 July 2007 or at any future date.

		Pro forma adjustments			
	The Group for the six months ended 31 December 2007	**Consolidated cash flow statement of COAG for the six months ended 30 September 2007**	**Other pro forma adjustments**		**Unaudited pro forma consolidated cash flow statement of the Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*			
Net cash (used in)/generated from operating activities	(4,648)	820			(3,828)
Net cash used in investing activities	(1.363)	(197)	(1,820)	*3*	(3,380)

		Pro forma adjustments			
	The Group for the year ended 30 June 2007	**Consolidated cash flow statement of COAG for the year ended 31 March 2007**	**Other pro forma adjustments**		**Unaudited pro forma consolidated cash flow statement of the Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*	*Note*	*HK$'000*
	(Note 1)	*(Note 2)*			
Net cash from financing activities	–	1,500			1,500
(Decrease)/increase in cash and cash equivalents	(6,011)	2,123			(5,708)
Cash and cash equivalents as at the beginning of the period	54,652	1,475	(1,475)	*3*	54,652
Cash and cash equivalents as at the end of the period	48,641	3,598			48,944

Note:

1. The balances are extracted from the unaudited condensed consolidated cash flow statement of the Group for the six months ended 31 December 2007 as set out in the interim report of the Group for the six months ended 31 December 2007.

2. The balances are extracted from the accountant's report of COAG as set out in appendix II to this circular.

3. The adjustment represents the cash consideration of HK$2 million and estimated transaction costs of HK$1.295 million in connection of the Acquisition, net of cash acquired of HK$1.475 million as at 1 April 2007.

4. No adjustments have been made to reflect any trading results or other transactions of the Group and COAG entered into subsequent to 31 December 2007 and 30 September 2007 respectively.

B. REPORT FROM ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report prepared by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for inclusion in this circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION TO THE DIRECTORS OF NEW WORLD MOBILE HOLDINGS LIMITED

We report on the unaudited pro forma financial information set out on pages 143 to 150 under the heading of "Unaudited Pro Forma Financial Information of the Enlarged Group" (the "Unaudited Pro Forma Financial Information") in Appendix IV of the circular dated 31 March 2008 (the "Circular") of New World Mobile Holdings Limited (the "Company"), in connection with the proposed transfer of the entire interest in Cyber On-Air Group Limited by International Entertainment Corporation to the Company (the "Transaction"). The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Transaction might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 143 to 150 of the Circular.

Respective Responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment

Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unaudited condensed consolidated balance sheet of the Group as at 31 December 2007 and the unaudited condensed consolidated income statement and cash flow statement of the Group for the six months ended 31 December 2007 with the unaudited interim condensed consolidated financial statements of the Company for the six months ended 31 December 2007, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

– the financial position of the Group as at 31 December 2007 or any future date, or

– the results and cash flows of the Group for the six months ended 31 December 2007 or any future periods.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 31 March 2008

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from RHL Appraisal Ltd., an independent valuer, in connection with its valuation as at 31 December 2007 of the property interests held by the Company.

永利行評值顧問有限公司 | RHL Appraisal Ltd
Surveying Practices – Corporate Valuation and Property Consultancy
License No.: C-015672

HONG KONG 香港
Room 1010, Star House
Tsimshatsui, Hong Kong

香港尖沙咀星光行1010室

T +852 2730 6212
F +852 2736 9284
E info@rhl-int.com
W www.rhl-int.com

31 March 2008

The Directors
New World Mobile Holdings Limited
Rooms 1502-5
New World Tower 1,
16-18 Queen's Road Central,
Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with instructions from **New World Mobile Holdings Limited** (referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") to value the property interests located in Hong Kong and the People's Republic of China (the "PRC") and property interests leased to be acquired by the Group, we confirm that we have carried out property inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 December 2007 (the "Valuation Date").

This letter which forms part of our valuation report explains the basis and methodology of valuation, clarifying assumptions, valuation considerations, and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interest represents its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion".

PROPERTY INTERESTS CATEGORISATION

The property interests are categorised as follows:

Group I	–	Property interests held by the Group for owner occupation in the PRC
Group II	–	Property interests leased by the Enlarged Group in Hong Kong
Group III	–	Property interests leased by the Group in the PRC

METHODS OF VALUATION

For the property interests in Group I which are held by the Group for owner occupation in the PRC, the direct comparison method is adopted where comparison based on prices realised on actual sales and asking prices of comparable properties is made. Comparable properties of similar size, character and location are analysed and carefully weighted against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

For the property interests in Group II and Group III which are leased or occupied under agreement by the Group in Hong Kong and the PRC, we have attributed no commercial value to the property interests due to inclusion of non-alienation clause or otherwise due to lack of substantial profit rent or short term nature as at the Valuation Date.

VALUATION ASSUMPTIONS

As the property interests are held under long term Land Use Rights Contracts and/or Government Leases, we have assumed that the Group has free and uninterrupted rights to use the property interests for the whole of the unexpired term of their respective Land Use Rights Contracts and/or Government Leases without payment of any substantial sum of taxes or expenses. We have valued the property interests on an open market basis assuming sale with vacant possession.

Our valuations have been made on the assumption that the Group sells the property interests in the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; and the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors effective from 1 January 2005.

TITLE INVESTIGATION

We have been shown copies of various documents including State-owned Land Use Rights Certificate, Building Ownership Certificate and tenancy agreement relating to the property interests in the PRC. We also caused searches to be made at the Hong Kong Land Registry in respect of Hong Kong property and have made relevant enquiries. We have not examined the original documents to verify the existing title to the properties in the PRC and Hong Kong and any material encumbrances that might be attached to the properties or any lease amendments. However, we have relied considerably on the advice given by the Company's PRC legal adviser, 上海市華益律師事務所, on the Group's title to the property interests in Groups I and III.

LIMITING CONDITIONS

We have relied to a considerable extent on information given by the Group, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, floor areas and all other relevant matters.

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents are correct. All documents have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without our written consent.

EXCHANGE RATE

Unless otherwise stated, all monetary sums stated in this report are in Hong Kong Dollars ("HKD").

Our valuations are summarised below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
RHL Appraisal Ltd.

Serena S. W. Lau	**Ian K. F. Ng**
FHKIS AAPI RPS(GP)	*MBA BSc(EstMan) BSc MHKIS MRICS RPS(GP)*
Managing Director	*Senior Manager*

Ms. Serena S. W. Lau is a Registered Professional Surveyor with over 17 years' experience in valuation of properties in HKSAR, Macau SAR, mainland China and the Asia Pacific Region. Ms. Lau is an Associate of Australian Property Institute, a Fellow of The Hong Kong Institute of Surveyors as well as a registered real estate appraiser in the PRC.

Mr. Ian K. F. Ng is a Registered Professional Surveyor with over 5 years' experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors as well as a chartered surveyor of The Royal Institution of Chartered Surveyors.

SUMMARY OF VALUES

Group I – Property interests held by the Group for owner occupation in the PRC

	Property	Market value in existing state as at 31 December 2007 *HKD*
1.	Unit 1002 No. A 43 Xizhimen Bei Avenue, Haidian District, Beijing, the PRC	4,200,000
	Sub-total:	4,200,000

Group II – Property interests leased by the Enlarged Group in Hong Kong

	Property	Market value in existing state as at 31 December 2007 *HKD*
2.	Workshop No. 7 on 6th Floor, Kam Hon Industrial Building, No. 8 Wang Kwun Road, Kowloon, Hong Kong	No commercial value
3.	Unit 9 on 3rd Floor, Fook Hong Industrial Building, No. 19 Sheung Yuet Road, Kowloon, Hong Kong	No commercial value
	Sub-total:	No commercial value

Group III – Property interests leased by the Group in the PRC

	Property	**Market value in existing state as at 31 December 2007** *HKD*
4.	Unit 3401-3406, Building No. 3, No. 200 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong District, Shanghai, the PRC	No commercial value
5.	Unit 2E63, Runpeng Building (電務綜合樓), Zhanyi Street, Tianshou Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	No commercial value
6.	Unit 2C65, Runpeng Building (電務綜合樓), Zhanyi Street, Tianshou Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	No commercial value
	Sub-total:	No commercial value
	Grand-total:	4,200,000

VALUATION CERTIFICATE

Group I – Property interests held by the Group for owner occupation in the PRC

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 December 2007 *HKD*
1.	Unit 1002 No. A 43 Xizhimen Bei Avenue, Haidian District, Beijing, the PRC	The property comprises an office unit on level 10 of an 18-storey office building completed in 1997. The gross floor area of the property is approximately 341.26 square metres. The land use rights of the property were granted for a term expiring on 28 September 2044 for office use.	As advised by the Company, the property is occupied by the Group for office use as at the Valuation Date.	4,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – 京市海港澳台國用字(2002出)第1630011號 (Jing Shi Hai Gang Ao Tai Guo Yong (2002 Chu) Zi Di No. 1630011) issued by Beijing Municipal Bureau of State Land Resources and Housing Administration dated 11 March 2002, the land use rights of the property were granted to 集高科技有限公司 (Jetco Technologies Limited) ("Jetco") for a term expiring on 28 September 2044 for office use.

2. Pursuant to a Building Ownership Certificate – 京房權証市海港澳台字第1630011號 (Jing Fang Quan Zheng Shi Hai Gang Ao Tai Zi Di No. 1630011) issued by Beijing Municipal Bureau of State Land Resources and Housing Administration dated 13 March 2002, the property with a gross floor area of approximately 341.26 square metres is held by Jetco.

3. Jetco is a wholly-owned subsidiary of the Company.

4. We have been provided with a legal opinion regarding the property interests by the Group's legal adviser in the PRC, which contains, inter alia, the following:

   i. Jetco legally owns the land use rights and building ownership rights of the property and is entitled to use, occupy, lease, transfer and mortgage the property without payment of any substantial sum of taxes and expenses or land premium ; and

   ii. the property is not subject to any mortgage.

VALUATION CERTIFICATE

Group II – Property interests leased by the Enlarged Group in Hong Kong

Property	**Description and tenure**	**Particulars of occupancy**	**Market value in existing state as at 31 December 2007** *HKD*
2. Workshop No. 7 on 6th Floor Kam Hon Industrial Building No. 8 Wang Kwun Road Kowloon Hong Kong 24/10200th shares of New Kowloon Inland Lot No. 5858	The property comprises an industrial unit on the 6th floor of an 12-storey industrial building (including basement floor) completed in 1984. The gross floor area of the property is approximately 886 square feet or thereabouts. The saleable area of the property is approximately 620 square feet or thereabouts. The property was leased by the Group from an independent third party pursuant to a tenancy agreement for a term of 2 years commencing on 10 November 2006 and expiring on 9 November 2008 at a monthly rental of HK$4,700 inclusive of Government rent, rates and management fees but exclusive of electricity, telephone charges and other outgoings.	As advised by the Company, the subject property is currently occupied by the Enlarged Group for industrial uses.	No Commercial Value

Notes:

1. The registered owner of the property is Chan Yiu Yin vide Memorial No. UB2649557 dated 10 September 1984.

2. Pursuant to a tenancy agreement entered into between Chan Yiu Yin, which is an independent third party, and Cyber On-Air (Asia) Limited ("COA") dated 11 November 2006, the property is leased to COA for a term of 2 years commencing on 10 November 2006 and expiring on 9 November 2008. The tenancy is held at a monthly rental of HK$4,700, inclusive of Government rent, rates and management fees but exclusive of electricity and telephone charges and other outgoings.

3. COA is a wholly-owned subsidiary of the Enlarged Group.

VALUATION CERTIFICATE

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 December 2007 *HKD*
3. Unit 9 on 3rd Floor Fook Hong Industrial Building No. 19 Sheung Yuet Road Kowloon Hong Kong 3382/173699th shares of New Kowloon Inland Lot No. 5835	The property comprises an industrial unit on the 3rd floor of a 14-storey industrial building (including basement) completed in about 1986. The gross floor area of the property is approximately 3,382 square feet or thereabouts. The property was leased by the Group from an independent third party pursuant to a tenancy agreement for a term of 2 years commencing on 19 April 2007 and expiring on 18 April 2009 at a monthly rental of HK$37,200 inclusive of Government rent, rates and management fees but exclusive of electricity, telephone charges and other outgoings.	As advised by the Company, the subject property is currently occupied by the Enlarged Group for industrial uses.	No Commercial Value

Notes:

1. The registered owner of the property is Deluxe Field Limited vide Memorial No. 07102500200032 dated 28 September 2007.

2. Immediately before 28 September 2007, the registered owner of the property was Capital Fur Company Limited vide Memorial No. 06121301840017 dated 20 November 2006.

3. Both Deluxe Field Limited and Capital Fur Company Limited are independent third parties.

4. Pursuant to a tenancy agreement entered into between Capital Fur Company Limited and Cyber On-Air (Asia) Limited ("COA") dated 21 March 2007, the property was leased to COA for a term of 2 years commencing on 19 April 2007 and expiring on 18 April 2009 at a monthly rental of HK$37,200 inclusive of Government rent, rates and management fees but exclusive of electricity, telephone charges and other outgoings.

5. Pursuant to the assignment entered into between Capital Fur Company Limited and Deluxe Field Limited vide Memorial No. 07102500200032 dated 28 September 2007, the property was assigned to Deluxe Field Limited subject to and with the benefit of the existing tenancies and lettings thereof.

6. By a letter dated 16 October 2007 from C.K. Mok & Co. Solicitors, on behalf of Deluxe Field Limited, COA was notified that the property was assigned to Deluxe Field Limited with effect from 28 September 2007 and the rental commencing from the 19 October 2007 should be directly paid to Deluxe Field Limited.

7. COA is a wholly-owned subsidiary of the Enlarged Group.

VALUATION CERTIFICATE

Group III – Property interests leased by the Group in the PRC

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 December 2007 *HKD*
4.	Unit 3401-3406, Building No. 3, No. 200 Zhangheng Road, Zhangjiang Hi-Tech Park, Pudong District, Shanghai, the PRC	The property comprises 6 office units on level 4 of a 6-storey office building completed in about 2003. The gross floor area of the property is approximately 1,304 square metres. The property was leased by the Group pursuant to a tenancy agreement for a term of 2 years commencing on 1 January 2006 and expiring on 31 December 2007 at a daily rent of RMB1.32.	As advised by the Company, the subject property is currently occupied by the Group for office uses.	No commercial value

Notes:

1. Pursuant to the tenancy agreement dated 27 March 2006 entered into between 上海八六三信息安全產業基地有限公司 which is an independent third party and新世界數碼科技(上海)有限公司 (New World CyberBase (Shanghai) Limited) ("NWC (Shanghai)"), the property with a gross floor area of approximately 1,304 square metres was leased to NWC (Shanghai) for a term of 2 years commencing on 1 January 2006 and expiring on 31 December 2007 at a daily rent of RMB1.32.

2. NWC (Shanghai) is a wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion regarding the property interests by the Group's legal adviser in the PRC, which states, inter alia, that the tenancy agreement mentioned in Note 1 is valid and legally enforceable under the PRC laws.

VALUATION CERTIFICATE

Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 December 2007 *HKD*
5. Unit 2E63, Runpeng Building (電務綜合樓), Zhanyi Street, Tianshou Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	The property comprises an office unit on level 2 of an 16-storey office building completed in about 2005. The gross floor area of the property is approximately 10.5 square metres. The property was leased by the Group pursuant to a tenancy agreement for a term of 1 year commencing on 13 June 2007 and expiring on 12 June 2008 at a monthly rent of RMB800.	As advised by the Company, the subject property is currently occupied by the Group for office uses.	No commercial value

Notes:

1. Pursuant to the tenancy agreement entered into between 廣州點對點商務有限公司 which is an independent third party and 廣州翰音網絡科技有限公司 ("廣州翰音") dated 25 June 2007, the property with a gross floor area of approximately 10.5 sq.m. was leased to 廣州翰音 for a term of 1 year commencing from 13 June 2007 and expiring on 12 June 2008 at a monthly rent of RMB800.

2. 廣州翰音 is a wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion regarding the property interests by the Group's legal adviser in the PRC, which states, inter alia, that the tenancy agreement mentioned in Note 1 is valid and legally enforceable under the PRC laws.

VALUATION CERTIFICATE

	Property	Description and tenure	Particular of occupancy	Market value in existing state as at 31 December 2007 *HKD*
6.	Unit 2C65, Runpeng Building (電務綜合樓), Zhanyi Street, Tianshou Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC	The property comprises an office unit on level 2 of a 16-storey office building completed in about 2005. The gross floor area of the property is approximately 10.5 square metres. The property was leased by the Group pursuant to a tenancy agreement for a term of 1 year commencing on 13 June 2007 and expiring on 12 June 2008 at a monthly rent of RMB800.	As advised by the Company, the subject property is currently occupied by the Group for office uses.	No commercial value

Note:

1. Pursuant to the tenancy agreement entered into between 廣州點對點商務有限公司 which is an independent third party and 上海易圖通信息技術有限公司廣州分公司 ("上海易圖通") dated 25 June 2007, the property with a gross floor area of approximately 10.5 square metres was leased to 上海易圖通 for a term of 1 year commencing from 13 June 2007 and expiring on 12 June 2008 at a monthly rent of RMB800.

2. 上海易圖通 is a wholly-owned subsidiary of the Company.

3. We have been provided with a legal opinion regarding the property interests by the Group's legal adviser in the PRC, which states, inter alia, that the tenancy agreement mentioned in Note 1 is valid and legally enforceable under the PRC laws.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Mode Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

(i) the Company

As at the Latest Practicable Date, the interests of the Directors in the Shares were as follows:

	Number of Shares				
Name	**Personal interests**	**Family interests**	**Corporate interests**	**Total**	**Approximate percentage of issued capital as at the Latest Practicable Date**
Lo Lin Shing, Simon	200,000	–	55,355,406	55,555,406	56.87
Ho Hau Chong, Norman	78,000	–	–	78,000	0.08

(ii) the associated corporations of the Company

As at the Latest Practicable Date, none the Directors had any interest in the shares of the associated corporations of the Company.

(iii) interest in underlying shares – share options of the Company

As at the Latest Practicable Date, the following Directors had personal interest in options to subscribe for the Shares granted under the share option schemes of the Company:

Name of Director	Number of share options as at the Latest Practicable Date	Date of grant	Exercise price *(HK$)*	Exercise period
Lo Lin Shing, Simon	78,000	28-1-2005	1.26	28-1-2005 to 31-12-2010

As at the Latest Practicable Date, save as disclosed above, none of the Directors or chief executive of the Company had any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules to be notified to the Company and the Stock Exchange.

(b) Persons who have interests or short positions which are discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, the following persons (other than the Directors or chief executive of the Company) had an interest or short positions in the Shares or/and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interest in 10% more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group were as follows:

Interests in the Shares and underlying Shares

Name	Capacity	Interests in the Shares	Interests in physically settled unlisted equity derivatives	Total	Approximate percentage of issued capital as at the Latest Practicable Date
Ku Ming Mei, Rousia	Interest of spouse	55,633,406	–	55,633,406	56.94
Moral Glory International Limited	Beneficial owner	55,355,406	–	55,355,406	56.66

As at the Latest Practicable Date, save as disclosed above, so far as was known to the Directors, no other person (other than the Directors or chief executive of the Company) had, or was deemed or taken to have an interest or short positions in the Shares or/and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

Save as stated above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under Section 336 of the SFO, no other persons were recorded to hold any long or short positions in the Shares or underlying Shares of the equity derivatives of the Company.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group nor were there any other service agreements proposed which would not expire or be determinable by the Group within one year without payment of compensation (other than statutory compensation).

4. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation, claim or arbitration of material importance and there was no litigation, claim or arbitration of material importance known to the Directors to be pending or threatened by or against any member of the Group.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Enlarged Group taken as a whole.

None of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Enlarged Group or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group since 30 June 2007, the date to which the latest published audited financial statements of the Group were made up.

6. COMPETING INTERESTS

As at the Latest Practicable Date, to the best knowledge of the Directors, none of the Directors and their respective associates were considered to have any interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group, other than those businesses where the Directors were appointed as directors to represent the interests of the Group.

7. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business of the Group) have been entered into by the members of the Group within the two years immediately preceding the date of this circular, and are or may be material:

(a) the loan agreement dated 27 March 2006 entered into between New World Finance Company Limited ("New World Finance") as lender and the Company as borrower for the advancement of a loan of HK$244,024,000;

(b) the loan agreement dated 30 March 2006 entered into between New World Finance as lender, the Company as borrower and pursuant to which New World Finance agreed to make available to the Company a loan facility or up to HK$900,000,000;

(c) the amendment agreement dated 30 March 2006 entered into between CSL New World Mobility Limited ("CSL NWM"), Telstra Holdings (Bermuda) No. 2 Limited ("Telstra Holdings"), Telstra Corporation Limited, New World Development Company Limited, Upper Start Holdings Limited and the Company in relation to the merger agreement dated 8 December 2005 entered into between CSL NWM, Telstra Holdings and the Company ("Merger Agreement");

(d) the loan agreement dated 29 May 2006 entered into between the Company as borrower and New World Finance as lender pursuant to which New World Finance agreed to make available to the Company a loan facility of up to HK$70,000,000;

(e) the amendment agreement dated 25 August 2006 entered into between CSL NWM, Telstra Holdings, Telstra Corporation Limited, Upper Start Holdings Limited, New World PCS Holdings Limited and the Company in relation to the Merger Agreement;

(f) the placing agreement dated 4 December 2007 entered into between the Company and Taifook Securities Company Limited; and

(g) the Agreement.

8. CONSENTS AND QUALIFICATIONS

The followings are the names and the qualifications of the professional advisers who have given opinions or advice which are contained or referred to in this circular:–

Names	Qualifications
PricewaterhouseCoopers (“PwC”)	Certified Public Accountants
RHL Appraisal Ltd. (“RHL”)	Property valuer

Each of PwC and RHL has given and has not withdrawn their written consent to the issue of this circular, with copies of their letter and/or reports and the references to their names included in the forms and contexts in which they are respectively included.

As at the Latest Practicable Date:–

(a) none of PwC and RHL has any shareholding, directly or indirectly, in any member of the Enlarged Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group; and

(b) none of PwC and RHL had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Enlarged Group since 30 June 2007, the date to which the latest published audited financial statements of the Group were made up.

9. MISCELLANEOUS

(a) The registered office of the Company is at P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West India.

(b) The principal place of business of the Company in Hong Kong is at Rooms 1502-5, New World Tower I, 16-18 Queen’s Road Central, Hong Kong.

(c) The company secretary and qualified accountant of the Company is Mr. Tang Chi Kei, CPA.

(d) The branch share registrars and transfer office of the Company in Hong Kong is Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(e) In the event of inconsistency, the English texts of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the principal place of business of the Company in Hong Kong at Rooms 1502-5, New World Tower I, 16-18 Queen's Road Central, Hong Kong, up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the accountant's report from PwC on financial information of the COAG Group for each of the years ended 31 March 2005, 2006 and 2007 and for each of the six months ended 30 September 2006 and 2007, the text of which is set out in appendix II to this circular;

(c) the annual reports of the Company for each of the years ended 30 June 2005, 2006 and 2007 and the interim report of the Company for the six months ended 31 December 2007;

(d) the report from PwC on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in appendix IV to this circular;

(e) the report on the property valuation of the Enlarged Group from RHL as set out in appendix V to this circular;

(f) the material contracts referred to in the section headed "Material contracts" in this appendix; and

(g) the letters of consent referred to in the section headed "Consents and qualifications" in this appendix.

新世界移動控股有限公司
New World Mobile Holdings Limited

NEW WORLD MOBILE HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 862)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the members of New World Mobile Holdings Limited (the "Company") will be held at Room McKinley, Pacific Place Conference Centre, Level 5, One Pacific Place, 88 Queensway, Hong Kong on 18 April 2008 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company.

ORDINARY RESOLUTION

"**THAT**:–

(a) the entering into of the conditional agreement for sale and purchase dated 27 December 2007 (as supplemented by a letter dated 29 February 2008 in relation to the extension of the long stop date for the fulfilment of the conditions set out in the conditional agreement) (the "Agreement"), a copy of which has been produced to the meeting marked "A" and initialled by the Chairman of the meeting for the purpose of identification, between International Entertainment Corporation ("IEC") as vendor and the Company as purchaser whereby IEC has agreed to sell, and the Company has agreed to purchase, the entire issued share capital of Cyber-On-Air Group Limited beneficially owned by IEC at a consideration of HK$2 million, upon the terms and subject to the conditions therein contained, be and is hereby approved, confirmed and ratified and the performance of the transactions contemplated under the Agreement be and is hereby approved; and

(b) any one director of the Company be and is hereby authorised for and on behalf of the Company to do all acts and things and execute and deliver all documents whether under the common seal of the Company or otherwise as may be necessary, desirable or expedient to carry out or to give effect to any or all transactions contemplated under the Agreement."

By Order of the Board
New World Mobile Holdings Limited
Tang Chi Kei
Company Secretary

Hong Kong, 31 March 2008

Registered office:
P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

Principal place of business in Hong Kong:
Rooms 1502-5
New World Tower I
16-18 Queen's Road Central
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her/its stead. In the case of a recognised clearing house, it may authorise such other person(s) as it thinks fit to act as its representative(s) at the meeting and vote in its stead. A proxy need not be a member of the Company.

2. A form of proxy for use at the meeting is enclosed. Whether or not you intend to attend the meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon.

3. To be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's branch share registrars in Hong Kong, Tricor Abacus Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.

4. Completion and return of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting or any adjournment thereof or on the poll concerned and, in such event, the instrument appointing a proxy shall be deemed to have been revoked.

5. Where there are joint holders of any share of the Company, any one of such holders may vote at the meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such holders are present at the meeting personally or by proxy, then the holder whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for this purpose be deemed joint holders thereof.