



3 SEGMENT REPORTING

For the six months ended 31 December 2003, more than ninety per cent. of the Group's turnover and operating profit was attributable to its mobile communications operations in the Special Administrative Regions of Hong Kong and Macau. Accordingly, no analysis by either business or geographical segment is included in these interim financial statements.

4 OPERATING PROFIT

Operating profit is stated after charging the following:

	Six months ended 31 December	
	2003	2002
	\$000	\$000
Depreciation:		
Owned fixed assets	134,044	124,170
Leased fixed assets	67,301	71,832
	<u>201,345</u>	<u>196,002</u>
Amortisation of deferred expenditure	10,283	5,620
Operating lease rentals for land and buildings, transmission sites and leased lines	204,036	232,336
Loss on disposal of fixed assets	3,709	1,326
Provision for inventories	569	2,158
Provision for bad and doubtful debts	6,969	10,315
Net exchange loss	<u>4,925</u>	<u>204</u>

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(All references to "\$" are to the Hong Kong dollar)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2003

5 NET FINANCE INCOME

	Six months ended	
	31 December	
	2003	2002
	\$000	\$000
Interest income		
Listed investments	9,796	8,962
Deposits with banks and other financial institutions	10,050	24,707
Other	13,575	8,220
	<u>33,421</u>	<u>41,889</u>
Interest expense		
Bank loans payable within five years	(340)	—
	<u>33,081</u>	<u>41,889</u>

6 TAXATION

No provision has been made for Hong Kong or overseas taxation for the period as the Group has sufficient tax losses brought forward to offset the assessable profit for the period (2002: Nil).

The amount of taxation charged to the consolidated profit and loss account represents:

	Six months ended	
	31 December	
	2003	Restated 2002
	\$000	\$000
Deferred taxation relating to the origination of temporary differences	<u>38,966</u>	<u>14,211</u>



7 DIVIDENDS

	Six months ended	
	31 December	
	2003	2002
	\$000	\$000
In respect of the period		
Interim, paid, of \$0.20 per share	—	116,603
Interim, declared, of \$0.20 per share (note a)	116,953	—
	<u>116,953</u>	<u>116,603</u>
Attributable to prior years paid in the period		
Final of \$0.27 per share (2002: \$0.07 per share)	157,972	40,777
Special cash dividend of \$3.50 per share (2002: Nil)	2,047,785	—
	<u>2,205,757</u>	<u>40,777</u>
	<u>2,322,710</u>	<u>157,380</u>

Note

- a At a meeting held on 9 March 2004, the directors declared an interim dividend of \$0.20 per share for the year ending 30 June 2004. This declared dividend is not reflected as a dividend payable in these interim financial statements but will be accounted for as an appropriation of retained profit for the year ending 30 June 2004.

8 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to shareholders of \$235,146,000 (2002: \$223,145,000) and the weighted average number of ordinary shares outstanding during the period of 584,048,178 (2002: 583,304,569).

The calculation of diluted earnings per share is based on the profit attributable to shareholders of \$235,146,000 and the weighted average number of ordinary shares of 584,418,314 after adjusting for the effects of all dilutive potential ordinary shares. For the six months ended 31 December 2002, no diluted earnings per share is presented as there were no potentially dilutive shares outstanding.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(All references to "\$" are to the Hong Kong dollar)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2003

9 EBITDA

EBITDA represents earnings before interest income and interest expense, depreciation and gain or loss on disposal of fixed assets, taxation and minority interest.

10 FIXED ASSETS

	\$000
Cost	
1 July 2003	4,150,725
Additions	200,783
Disposals	(87,585)
31 December 2003	<u>4,263,923</u>
Accumulated depreciation and impairment losses	
1 July 2003	2,447,505
Charge for the period	201,345
Disposals	(83,449)
31 December 2003	<u>2,565,401</u>
Net book value	
31 December 2003	<u>1,698,522</u>
30 June 2003	<u>1,703,220</u>

At 31 December 2003, the net book value of fixed assets held by the Group under finance leases amounted to \$590,527,000 (30 June 2003: \$657,828,000).



11 INVESTMENTS

	31 December 2003 \$000	30 June 2003 \$000
Equity securities		
Overseas unlisted investments	47,755	44,144
Held-to-maturity debt securities		
Listed		
Overseas	601,424	367,287
Unlisted	1,030,440	343,048
	1,631,864	710,335
Less: Debt securities maturing within one year included within current assets	(191,445)	(53,387)
	1,440,419	656,948
	1,488,174	701,092
Market value of listed securities		
Overseas	607,112	379,186

12 TRADE RECEIVABLES

The Group allows an average credit period of thirty days to its subscribers and other customers. The ageing of the trade receivables, net of provisions, is as follows:

	31 December 2003 \$000	30 June 2003 \$000
Current to 30 days	151,449	92,423
31 - 60 days	8,007	7,992
61 - 90 days	605	2,785
	160,061	103,200

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(All references to "\$" are to the Hong Kong dollar)

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 31 December 2003

13 CASH AND BANK BALANCES

	31 December 2003	30 June 2003
	\$000	\$000
Pledged bank deposits	334,594	392,139
Cash and bank balances	363,207	2,820,725
	<u>697,801</u>	<u>3,212,864</u>

Of the \$334,594,000 (30 June 2003: \$392,139,000) pledged bank deposits, \$150,000,000 (30 June 2003: \$200,000,000) has been pledged as cash collateral for the Group's 3G licence performance bond as referred to in note 19 - "contingent liabilities".

14 TRADE PAYABLES

The ageing of the trade payables is as follows:

	31 December 2003	30 June 2003
	\$000	\$000
Current to 30 days	51,702	66,428
31 - 60 days	50,823	33,786
61 - 90 days	14,996	14,111
Over 90 days	16,855	31,577
	<u>134,376</u>	<u>145,902</u>