

CONDENSED FINANCIAL STATEMENTS

(All references to “\$” are to the Hong Kong Dollar)

The Directors are pleased to present the Company’s interim report and the condensed financial statements for the six months ended 30 June 2005. The condensed income statement, the condensed cash flow statement and the statement of changes in equity for the six months ended 30 June 2005, and the condensed balance sheet as at 30 June 2005 of the Company, all of which are unaudited, along with selected explanatory notes, are set out on pages 10 to 30 of this report.

CONDENSED INCOME STATEMENT

For the six months ended 30 June 2005

	<i>Note</i>	Unaudited six months ended 30 June	
		2005 \$'000	2004 \$'000 (Restated)
Turnover	2	896,176	830,786
Direct cost of goods sold and services provided			
– Cost of handsets and accessories		(219,509)	(159,274)
– Interconnection cost		(108,413)	(101,073)
		568,254	570,439
Other revenue	4	2,980	1,730
Other net income	4	57	40
Operating expenses		(428,252)	(410,145)
Profit from operations		143,039	162,064
Finance costs	5	(2,195)	(14,647)
Profit before taxation	5	140,844	147,417
Income tax	6	(26,275)	(28,697)
Profit attributable to shareholders		114,569	118,720
Dividend			
In respect of the period	7	100,391	96,673
Earnings per share (in HK\$)			
– Basic	8	0.15	0.20
– Diluted	8	0.15	0.20
EBITDA	9	257,378	265,495

The notes on pages 14 to 30 form part of these condensed financial statements.

CONDENSED BALANCE SHEET

As at 30 June 2005

	<i>Note</i>	Unaudited 30 June 2005 \$'000	Audited 31 December 2004 \$'000 (Restated)
Non-current assets			
Fixed assets	<i>10</i>	1,129,097	1,155,920
Construction in progress	<i>11</i>	9,927	9,049
Intangible assets	<i>12</i>	23,180	25,956
Interest in leasehold land held for own use under an operating lease		11,099	11,232
		1,173,303	1,202,157
Current assets			
Inventories		24,654	28,493
Amount due from related companies		19,676	20,965
Secured deposits		1,224	23,221
Trade and other receivables	<i>13</i>	135,161	154,330
Cash and cash equivalents	<i>14</i>	101,705	196,749
		282,420	423,758
Current liabilities			
Trade and other payables	<i>15</i>	(217,396)	(269,466)
Dividend payable		(44,618)	–
Current portion of interest-bearing borrowings	<i>16</i>	–	(150,000)
Amount due to related companies		(3,557)	(3,903)
		(265,571)	(423,369)
Net current assets		16,849	389
Total assets less current liabilities		1,190,152	1,202,546
Non-current liabilities			
Interest-bearing borrowings	<i>16</i>	(100,000)	(75,000)
Deferred tax liabilities	<i>17</i>	(47,892)	(21,617)
		(147,892)	(96,617)
Net assets		1,042,260	1,105,929
Capital and reserves			
Share capital	<i>18</i>	356,948	356,948
Reserves	<i>20</i>	685,312	748,981
		1,042,260	1,105,929

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CONDENSED CASH FLOW STATEMENT

For the six months ended 30 June 2005

	Unaudited six months ended 30 June	
	2005 \$'000	2004 \$'000
Net cash inflow from operating activities	286,950	303,674
Investing activities		
Payment for fixed assets	(96,244)	(143,521)
Payment for construction in progress	(17,251)	(58,498)
Payment for the purchase of intangible assets	(6,332)	(9,058)
Proceeds from sales of fixed assets	12	53
Net cash used in investing activities	(119,815)	(211,024)
Financing activities		
Proceeds from bank loans	100,000	300,000
Proceeds from issue of new shares upon the Global Offering	–	679,997
Payment of listing expenses	–	(4,983)
Repayment of bank borrowings	(225,000)	–
Repayment of shareholders' loans	–	(624,869)
Payment of accrued interest on shareholders' loans	–	(304,361)
Payment of bank and other interest	(3,324)	–
Payment of dividend	(133,855)	–
Net cash (used in)/from financing activities	(262,179)	45,784
Net (decrease)/increase in cash and cash equivalents	(95,044)	138,434
Cash and cash equivalents at 1 January	196,749	46,121
Cash and cash equivalents at 30 June	101,705	184,555

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STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2005

	Ordinary Share Capital \$'000	Share Premium \$'000	Employee Share Based Compensation Reserve \$'000	Other Reserve \$'000	Retained Profits \$'000	Total \$'000
As at 1 January 2005 (as previously reported)	356,948	594,099	-	63,055	91,827	1,105,929
Prior period adjustment arising from change of accounting policy	-	-	947	-	(947)	-
As at 1 January 2005 (as restated)	356,948	594,099	947	63,055	90,880	1,105,929
Payment of 2004 final dividend (note 7(b))	-	-	-	(63,055)	(70,800)	(133,855)
Payment of 2005 first quarter dividend (note 7(a))	-	-	-	-	(44,618)	(44,618)
Employee share option benefits	-	-	235	-	-	235
Profit for the period	-	-	-	-	114,569	114,569
As at 30 June 2005	356,948	594,099	1,182	-	90,031	1,042,260
	Ordinary Share Capital \$'000	Share Premium \$'000	Employee Share Based Compensation Reserve \$'000	Other Reserve \$'000	Retained Profits/ (Accumulated Losses) \$'000	Total \$'000
(restated)						
As at 1 January 2004	433,000	-	-	-	(368,410)	64,590
Capital Reduction	(225,160)	-	-	-	305,305	80,145
Issue of new shares (net of listing expenses)	71,736	596,654	-	-	-	668,390
Issue of new shares upon conversion of Preference Shares	73,980	-	-	63,055	-	137,035
Capitalisation issue	3,392	(3,392)	-	-	-	-
Employee share option benefits (as restated)	-	-	316	-	-	316
Profit for the period (as restated)	-	-	-	-	118,720	118,720
As at 30 June 2004 (as restated)	356,948	593,262	316	63,055	55,615	1,069,196

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