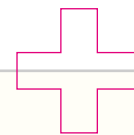


Information⁺ for US Investors



The Group's financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong ("HK GAAP"), which differ in certain significant respects from those in the United States ("US GAAP"). The significant differences relate principally to the following items and the effect on the profit for the year and shareholders' equity in accordance with US GAAP are shown in the tables set out below.

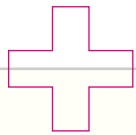
- (a) Under both HK GAAP and US GAAP, the Group is required to recognise deferred tax assets and liabilities for the expected future tax consequences of all events that have been included in the accounts or tax returns. Under this method, deferred tax assets and liabilities are recognised for future tax consequences attributable to differences between the accounts' carrying amounts of existing assets and liabilities, and their respective tax bases and tax credit carryforwards using enacted tax rates in effect for the year in which the differences are expected to be recovered or settled.

Under HK GAAP, a deferred asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. The unrecognised deferred tax asset is disclosed in the note to the accounts. Under US GAAP, a valuation allowance is recorded to reduce the carrying amount of the deferred tax asset unless it is more likely than not that such asset will be realised.

No deferred tax assets are recognised under HK GAAP, while a valuation allowance is set against the deferred tax assets under US GAAP, the net effect of which causes no impact to the financial statements of the Group presented under US GAAP.

- (b) Under HK GAAP, connection fee revenue is recognised when received upon completion of activation services. Under US GAAP, connection fees for mobile services, net of the direct incremental costs incurred, are deferred and recognised over the estimated customer service period, which is estimated based on the expected stabilised churn rate. Connection fee revenue for 2003 and 2002 amounted to HK\$411,000 and HK\$16,254,000, respectively, of which HK\$175,000 and HK\$10,788,000 were deferred at 31st December 2003 and 2002 respectively. Connection fee revenue of HK\$1,480,000 and HK\$8,840,000 deferred in 2001 and 2002, respectively, have been credited to the consolidated profit and loss account during 2003.
- (c) Under HK GAAP, no compensation cost for employees is required to be recognised in respect of the grant of share options. Proceeds from the issue of shares upon the exercise of share options are credited to share capital and share premium accounts and there is no effect on the results of the Group in connection with the Share Option Scheme.

Under US GAAP, the intrinsic value of stock options issued to employees has been used in the computation of the compensation cost for outstanding share options granted to Group employees. Accordingly, deferred compensation of HK\$10,254,000 was recognised on options granted with an exercise price lower than the fair market value of the Company's shares at the grant date on 31st May 2000. The deferred compensation is amortised over the three-year vesting period. Deferred compensation of HK\$4,001,000 for the options forfeited is reversed in shareholders' equity. No compensation is recognised for options which are granted with an exercise price equal to or above the fair market value of the Company's shares at the grant date. For the year ended 31st December 2003 and 2002, write-back of compensation costs of HK\$1,189,000 and HK\$111,000, respectively, were credited to the consolidated profit and loss account and debited to deferred compensation.



Information⁺ for US Investors

- (d) Under HK GAAP, the HK\$250,000,000 which represents the annual fees for the first five years of the 3G licence term is recorded as a prepayment with the licence fees charged prior to the launch of the 3G services being included in fixed assets. Depreciation of the fixed assets will be provided from the commencement of 3G services over the shorter of the remaining life of the 3G licence or the estimated useful lives of the fixed assets.

Under US GAAP, the amount paid for the 3G licence fees is classified as an intangible asset which will be amortised commencing upon the launch of the 3G services over the remaining 3G licence period or the estimated useful lives of the related 3G network assets, whichever is the shorter.

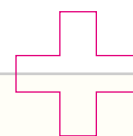
There is no impact of this difference under HK GAAP and US GAAP to the statement of operations for the years ended 31st December 2003 and 2002, since depreciation/amortisation will only start when the 3G network is available/ready for use.

The following table summarises the effect on profit for the year of the above differences between HK GAAP and US GAAP.

	For the year ended 31st December		
	2003	2003	2002
	US\$'000 [#]	HK\$'000	HK\$'000
Profit/(Loss) for the year as reported under HK GAAP	3,500	27,172	(117,264)
US GAAP adjustments:			
Deferred tax on accelerated depreciation allowances	(1,620)	(12,581)	(10,169)
Deferred tax assets in respect of tax loss and other	1,620	12,581	10,169
Amortisation of net connection fees	1,307	10,145	(1,878)
Write-back of compensation cost in respect of amortisation of deferred compensation for share options	153	1,188	111
Profit/(Loss) for the year under US GAAP	<u>4,960</u>	<u>38,505</u>	<u>(119,031)</u>
Earnings/(Loss) per share under US GAAP (basic and diluted)	<u>0.2 cents</u>	<u>1.3 cents</u>	<u>(4.0 cents)</u>
Earnings/(Loss) per ADS under US GAAP (basic and diluted)*	<u>US\$0.2</u>	<u>HK\$1.3</u>	<u>(HK\$4.0)</u>

* One ADS is equivalent to 100 shares.

An exchange rate of US\$1 = HK\$7.764 has been used to translate HK\$ to US\$. Such translations are for convenience only and should not be construed as representations that HK\$ amounts could be converted into US\$ at that or any other rate.



The following table summarises the effect on shareholders' equity of the above differences between HK GAAP and US GAAP.

	As of 31st December		
	2003	2003	2002
	US\$'000 [#]	HK\$'000	HK\$'000
Shareholders' equity as reported under HK GAAP	89,890	697,904	670,732
US GAAP adjustments:			
Deferred tax non-current assets	51,497	399,821	375,358
Valuation allowance	(51,497)	(399,821)	(375,358)
Deferred net connection fees	(273)	(2,123)	(12,268)
Share premium in respect of deferred compensation for share options	805	6,253	7,854
Deferred compensation not yet amortised for share options	—	—	(413)
Compensation cost in respect of amortisation of deferred compensation for share options	(805)	(6,253)	(7,441)
Shareholders' equity under US GAAP	<u>89,617</u>	<u>695,781</u>	<u>658,464</u>

[#] An exchange rate of US\$1 = HK\$7.764 has been used to translate HK\$ to US\$. Such translations are for convenience only and should not be construed as representations that HK\$ amounts could be converted into US\$ at that or any other rate.