SmarTone Telecommunications Holdings Limited

(Incorporated in Bermuda with limited liability)
(Stock Code: 315)

2004/2005 ANNUAL RESULTS ANNOUNCEMENT

(All references to "$" are to the Hong Kong dollars)

- **Peak 3G network investment phase has passed, with territory-wide coverage now completed**
- **Increasing focus on differentiated and superior propositions for targeted customer segments**
- **Outperforming the market with improving ARPU and service revenue**
- **Short-term pressure on profits**

CHAIRMAN'S STATEMENT

Your Company outperformed the market with increased ARPU and service revenue. This represents a creditable performance amidst severe price erosion prevailing in the market. The launch of 3G has established the platform for future growth, despite the resultant increase in costs and pressure on profits in the shorter term. Going forward, your Company will focus on leveraging 3G to provide differentiated and superior propositions for targeted customer segments and drive growth in revenue market share.

Financial Highlights

Turnover increased by 7% to $3,619 million, underpinned by the 6% growth in mobile service revenue. Earnings before interest, tax, depreciation and amortisation ("EBITDA") of $832 million represented a decline of 12%, compared to $944 million for the previous year. Profit attributable to shareholders decreased by 27% to $339 million. Earnings per share amounted to $0.58.

Dividend

Your Board recommends a final dividend of $0.20 per share. Together with the interim dividend of $0.19 per share, dividend for the year totalled $0.39 per share. This is in line with the Company's policy of distributing two-thirds of profit attributable to shareholders as dividend.

Business Review

Hong Kong Mobile Business

Blended ARPU and postpaid ARPU for the year increased by 6% to $199 and 9% to $231 respectively. Data service revenue continued to rise and accounted for 7.3% of service revenue for the year, up from 5.5% for the previous year, driven mainly by the robust growth in the usage of multimedia services. Amidst fierce competition, total customer base decreased slightly to 1,011,000 as of 30 June 2005. Churn rate also increased marginally to 2.8% in June 2005 as compared to 2.6% in June 2004. Nevertheless, service revenue grew further as the increase in ARPU outweighed the modest decline in customer number.

SmarTone-Vodafone's emphasis on customer propositions has contributed to the consistent improvement in ARPU and service revenue. Revenues generated from business customers, frequent travellers and multimedia users have all shown encouraging improvement.

SmarTone-Vodafone provides the most complete range of mobile connectivity solutions for business customers on the move. BlackBerry® from Vodafone and Email on the go™ offer customers real-time mobile email with the widest choice of handheld devices in the market. For those customers requiring full PC functionality and Internet connectivity while on the move, SmarTone-Vodafone's PC Connect 3G/GPRS data card delivers reliable mobile broadband Internet access, with 3G roaming now available at more than 40 overseas destinations, providing increasingly ubiquitous access to high-speed service.

For consumers, SmarTone-Vodafone focuses on the key areas of music, sports, news and games. It caters to the specific needs of the different communities with superior propositions that provide richer experience, deliver compelling benefits and increase value to customers. Music Now, SmarTone-Vodafone's proposition for music fans, is a prime example of this approach. It offers not only instant download of the largest selection of high-quality mobile music content in the market, but also a rewards programme bringing customers closer to their music and favourite artists.

To ensure customers can enjoy an outstanding SmarTone-Vodafone experience, the company has been upgrading its key commercial enablers:

- All customer touch-points, including retail stores, website and customer hotlines, have undergone major improvement programmes to provide a more seamless, consistent and richer experience, as well as creating a deeper customer engagement with every contact.

- SmarTone-Vodafone continues to offer a wide range of both 2G and 3G handsets that meet different customer needs. It is also now offering the largest number of brands of 3G handsets in the Hong Kong market and its recently launched Sharp SX833 and Samsung Anycall Z308 are groundbreaking products with outstanding audio and video capabilities that bring the enjoyment of SmarTone *iN!* on 3G mobile media services to a new exciting level.

- SmarTone-Vodafone's 3G network already covers 99.9% of Hong Kong, including major shopping malls, commercial buildings and residential areas, with uninterrupted coverage across the entire Mass Transit Railway network. Delivering unrivalled quality and reliability, the network offers the fastest call connection time for both voice and video calls as well as the fastest data throughput, validated by an independent network quality survey conducted in July 2005.

- SmarTone-Vodafone already provides the widest 3G roaming coverage, amongst Hong Kong operators, at over 40 overseas destinations, including Japan, Taiwan, Singapore, Malaysia, Australia, major countries in Europe and South Africa, with more destinations continually being added.

Macau Mobile Business

The Company's mobile business in Macau achieved encouraging growth in revenue and profits.

Prospects

Going forward, there will be both challenges and opportunities in the Hong Kong mobile industry. 3G is set to become mainstream. It is capable of providing much better value than 2G as it delivers more compelling services and richer experience, enabled by superior handsets, higher speeds and improved network economics. Together with our differentiated and superior propositions for targeted customer segments, 3G is the platform for future growth. Long-term value for shareholders will be improved through higher revenue market share.

In the coming year, the Company's mobile service revenue is expected to grow moderately, driven mainly by ARPU enhancement from 3G. Handset subsidies are set to increase despite the declining unit cost of 3G handsets. While your Company will continue to focus on cost savings and efficiency enhancement, there will be further increase in costs related to 3G, including network expenses, licence fee, depreciation and content cost. With the combination of these factors, your Company anticipates severe pressure on profits in the year ending 30 June 2006.

Following the ethos of the parent company, Sun Hung Kai Properties, in its focus on quality and innovation, your Company is uniquely positioned to leverage on the scale and scope of the Vodafone Group's global networks to further increase value to customers.

Your Company will continue with its current dividend policy. It intends to maintain a strong balance sheet to preserve flexibility in competing in the market and participating in potential consolidation opportunities that can enhance shareholders value.

I am confident that your Company would continue to outperform the market in a challenging environment and create long-term value for shareholders with its superior, differentiated customer propositions.

Appreciation

I would like to express my gratitude to our customers, shareholders and fellow directors for their continual support, and to our staff for their contributions and hard work.

Raymond Kwok Ping-luen
Chairman

Hong Kong, 5 September 2005

MANAGEMENT DISCUSSION AND ANALYSIS

Review of financial results

Operating revenue rose by $252 million to $3,619 million despite intense market competition, driven by growth in both mobile services revenue and handset sales. Operating profit dropped by $148 million to $344 million, mainly due to higher network costs, incremental marketing expenses for the launch of 3G and the SmarTone-Vodafone brand, and depreciation for the 3G network. Following the commercial launch of 3G service in December 2004, spectrum utilisation fee was expensed as incurred and depreciation started for 3G related capital expenditure. Macau operations continued to contribute positively to the Group's performance in 2004/05.

Turnover increased by $252 million to $3,619 million (2003/04: $3,367 million), with a 6% growth in mobile services revenue and a 12% rise in handsets and accessories sales.

- Mobile services revenue grew by $146 million to $2,635 million (2003/04: $2,489 million), driven by higher roaming, multimedia and prepaid services revenue, partially offset by a reduction in local voice revenue.

  Hong Kong blended ARPU for 2004/05 rose by $11 to $199 (2003/04: $188) as a result of the Group's success in improving the quality of its customer base through continuing efforts to acquire and retain high value customers in both business and consumer segments. The growth in roaming and multimedia usage contributed the largest share of this increase.

  Despite intense market competition and continued downward price pressures in the Hong Kong mobile market, postpaid ARPU for 2004/05 rose by $20 to $231 (2003/04: $211). Revenues from all services other than local voice services recorded healthy growth.

  The key factor for the growth in multimedia services revenue was the Group's continued success in enhancing its total customer proposition. This included the continuing enrichment of SmarTone *iN!* services and the launch of new, compelling products and services, including PC Connect, comprising a high-speed 3G/GPRS data card, and BlackBerry® from Vodafone, a SmarTone-Vodafone Mobile Email service. Multimedia services revenue achieved a strong year-on-year increase of 74%. Data service revenue continued to grow and accounted for 7.3% of services revenue in 2004/05 (2003/04: 5.5%).

- Handsets and accessories sales rose by 12% to $985 million in 2004/05 (2003/04: $878 million) mainly due to the launch of a variety of new handsets with advanced features.

Cost of goods sold and services provided rose by $221 million to $1,456 million in 2004/05 (2003/04: $1,235 million) mainly due to higher costs of handsets sold and increased interconnection, roaming and IDD costs. This reflected the corresponding increases in both handset sales and usage.

Other operating expenses (excluding depreciation, amortisation and loss on disposal of fixed assets) rose by $169 million to $1,357 million in 2004/05 (2003/04: $1,188 million). This was due to an increase in network costs arising from the 3G network rollout, higher sales and marketing expenses incurred for the launch of 3G and the SmarTone-Vodafone brand, and promotion of multimedia services and new handsets.

Depreciation, amortisation and disposal loss rose by $36 million to $488 million in 2004/05 (2003/04: $452 million) mainly due to depreciation for the 3G network, including spectrum utilisation fee capitalised before the commercial launch of 3G service.

Net finance income fell by $11 million to $48 million in 2004/05 (2003/04: $59 million) mainly due to lower average net cash and debt securities balances.

The financial performance of the Group's mobile business in Macau continued to improve and contribute positively to the Group's performance in 2004/05.

Capital structure, liquidity and financial resources

There had been no major changes in the Group's capital structure during the year. The Group was financed by share capital, internally generated funds and short term Hong Kong dollar floating rate revolving credit facilities during the year. At 30 June 2005, no amount was utilised out of these facilities totalling $300 million.

The Group's net cash inflow from operating activities increased from $801 million in 2003/04 to $846 million in 2004/05. The Group's major outflow of funds during the year ended 30 June 2005 were payment of dividends of $303 million and purchases of fixed assets of $746 million. Cash resources of the Group remain strong with cash and bank balances and investments in held-to-maturity debt securities, net of external borrowings, of $1,852 million as at 30 June 2005.

The Group's capital expenditure amounted to $695 million in 2004/05 as compared to $680 million in 2003/04. Majority of the capital expenditure was for rollout of 3G radio network, upgrade and expansion to further improve network quality and coverage of 2G network, and purchases of hardware and software for multimedia services provisioning. These items are expected to continue to be the major areas of the Group's capital expenditure in 2005/06 but the overall spending is expected to be considerably lower than that in 2004/05.

The directors are of the opinion that the Group can fund its capital expenditure and working capital requirements for 2005/06 with internal cash resources and committed borrowing facilities. The directors do not anticipate any difficulties in securing renewals of these committed borrowing facilities upon their expiry in November 2005.

Treasury policy

The Group invests its surplus funds in accordance with a treasury policy approved from time to time by the board of directors. Surplus funds are placed as deposit with banks in Hong Kong or invested in investment grade debt securities. Bank deposits in Hong Kong are maintained in Hong Kong dollar or United States dollar.

The Group's investments in debts securities are denominated in either Hong Kong dollar or United States dollar with a maximum maturity of 3 years. The Group's policy is to hold its investments in debt securities until maturity.

As at 30 June 2005, the Group's total available banking facilities amounted to $300 million, comprising a 1-year committed interchangeable revolving loan and trade finance facility of $200 million and an uncommitted multi-currency documentary letter of credit facility of $100 million from certain banks. No amount of the facilities was utilised as at 30 June 2005.

The Group required banks to issue performance bonds and letters of credit on its behalf. In certain circumstances, the Group partially or fully collateralised such instruments by cash deposits to lower the issuance cost. Total amount of pledged deposits at 30 June 2005 was $328 million (30 June 2004: $326 million).

Functional currency and foreign exchange exposure

The functional currency of the Group is the Hong Kong dollar. All material revenues, expenses, assets and liabilities, except its United States dollar fixed income investments and bank deposits, are denominated in Hong Kong dollars. The Group therefore does not have any significant exposure to foreign currency gains and losses other than those arising due to its United States dollar denominated fixed income investments and bank deposits. The Group does not currently undertake any foreign exchange hedging.

Contingent liabilities

Performance bonds

Certain banks, on the Group's behalf, have issued performance bonds to the telecommunications authorities of Hong Kong and Macau in respect of obligations under licences issued by those authorities. The total amount outstanding at 30 June 2005 under these performance bonds was $313 million (30 June 2004: $152 million).

Lease out, lease back arrangement

A bank, on the Group's behalf, had issued a letter of credit to guarantee the Group's obligations under a lease out, lease back arrangement entered into during the year ended 30 June 1999. This letter of credit is fully cash collateralised using surplus cash deposits. The directors are of the opinion that the risk of the Group being required to make payment under this guarantee is remote.

Bank facilities guarantees

At 30 June 2005, there were contingent liabilities in respect of guarantees given by the Company on behalf of a wholly owned subsidiary relating to short term revolving credit facilities and uncommitted trade finance facility granted by certain banks of up to $300 million (30 June 2004: $600 million).

Employees and share option scheme

The Group had 1,535 full-time employees at 30 June 2005, with majority of which based in Hong Kong. Total staff costs were $359 million in 2004/05 (2003/04: $359 million).

Employees receive a remuneration package consisting of basic salary, bonus and other benefits. Bonus payments are discretionary and depend, inter-alia, on both the Group's performance and the performance of the individual employee. Benefits include retirement schemes and medical and dental care insurance. Employees are provided with both internal and external training appropriate to each individual's requirements.

The Group has a share option scheme under which the Company may grant options to the participants, including directors and employees, to subscribe for shares of the Company. During the year, the Company issued a total of 579,000 share options which are exercisable at exercise prices range from $8.01 to $9.05 per share from 6 December 2005 to 28 February 2015. No share options were exercised and 77,000 share options were cancelled during the year. At 30 June 2005, 13,092,500 share options were outstanding.

Through various initiatives in the areas of human resources development, the Group is striving to build a strong and committed workforce. The current performance-based remuneration system provides incentives and rewards for outstanding performance.

RESULTS

The directors are pleased to present the Group's audited consolidated profit and loss account for the year ended 30 June 2005 and the consolidated balance sheet at 30 June 2005.

Consolidated profit and loss Account

For the year ended 30 June 2005

	Note	**2005**	2004
		$000	*$000*
Turnover	2	**3,619,492**	3,367,036
Cost of goods sold and services provided		**(1,456,340)**	(1,234,841)
Gross profit		**2,163,152**	2,132,195
Other income	4	**26,419**	—
Other operating expenses		**(1,845,543)**	(1,640,590)
Operating profit	5	**344,028**	491,605
Finance income	6	**48,722**	60,468
Finance costs	7	**(492)**	(1,164)
Profit before taxation		**392,258**	550,909
Taxation	8	**(43,178)**	(78,625)
Profit after taxation		**349,080**	472,284
Minority interests		**(10,271)**	(5,830)
Profit attributable to shareholders		**338,809**	466,454
Dividends	9		
Attributable to the year		**227,288**	309,274
Earnings per share	10		
Basic		**$0.58**	$0.80
Diluted		**$0.58**	$0.80
EBITDA	11	**831,806**	943,704

Consolidated balance sheet
At 30 June 2005

	Note	**2005**	2004
		$000	*$000*
Non-current assets			
Fixed assets		**2,183,678**	1,953,794
Interest in an associate		**29,469**	3,050
Investments		**744,898**	1,146,297
Deferred expenditure		**51,073**	12,991
Deferred tax assets		**8,311**	2,857
		3,017,429	3,118,989
Current assets			
Inventories		**189,100**	124,230
Investments		**390,895**	471,081
Trade receivables	12	**168,116**	167,279
Deposits and prepayments		**117,158**	125,370
Other receivables		**33,528**	41,490
Cash and bank balances		**765,212**	653,808
		1,664,009	1,583,258
Current liabilities			
Trade payables	13	**137,317**	154,853
Other payables and accruals		**743,220**	681,817
Taxation payables		**6,956**	—
Customers' deposits		**23,085**	24,744
Deferred income		**72,915**	72,408
Unsecured bank loans		**—**	150,000
		983,493	1,083,822
Net current assets		**680,516**	499,436
Total assets less current liabilities		**3,697,945**	3,618,425
Non-current liabilities			
Deferred tax liabilities		**172,744**	131,068
Minority interests		**23,522**	21,407
NET ASSETS		**3,501,679**	3,465,950
CAPITAL AND RESERVES			
Share capital		**58,279**	58,331
Reserves		**3,443,400**	3,407,619
		3,501,679	3,465,950

Notes

1 **Recently issued accounting standards**

The Hong Kong Institute of Certified Public Accountants has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("new HKFRSs") which are effective for accounting periods beginning on or after 1 January 2005.

The Group has not early adopted these new HKFRSs in the financial statements for the year ended 30 June 2005. The Group is in the process of making an assessment of the impact of these new HKFRSs and has so far concluded that the more significant differences between new HKFRSs and current accounting policies that are expected to affect the Group are as follows:

Share-based payment

Under HKFRS 2 'Share-based payment', the Group will be required to determine the fair value of all share-based payments to employees as remuneration and recognise an expense in the profit and loss account. This treatment will result in a reduction in profit as such items have not been recognised as expenses under the current accounting policy. Under the specific transitional provisions of HKFRS 2, this treatment will apply to equity-settled share-based payment transactions where shares, share options or other equity instruments were granted after 7 November 2002 and had not yet vested on 1 July 2005 and to liabilities arising from share-based payment transactions existing on 1 July 2005.

Financial instruments

Under HKAS 39 'Financial Instruments: Recognition and Measurement', financial instruments will be carried at either amortised cost or fair value, depending on their classification. Depending on the classification of the financial instruments, movements in fair value will be either charged to net profit or loss or taken to equity in accordance with the standard. In addition, all derivatives, including those embedded in non-derivatives host contracts will be recognised in the balance sheet at fair value.

This will result in a change to the Group's current accounting policies in respect of classification, measurement and recognition of derivative financial instruments. This new accounting policy will be applied prospectively from 1 July 2005. The future financial effect of this change in accounting policy is not yet known as the classification and measurement process has not been completed. However, the requirements to recognise derivatives and certain other financial instruments with changes in fair value being reflected in the profit and loss account may result in increased volatility in the Group's profit and net assets.

The Group will be continuing with the assessment of the impact of the other new HKFRSs and other significant changes may be identified as a result.

2 **Turnover**

The Group is principally engaged in the provision of mobile services and the sale of mobile telephones and accessories. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2005	2004
	$000	*$000*
Mobile services	**2,634,787**	2,489,007
Mobile telephone and accessory sales	**984,705**	878,029
	3,619,492	3,367,036

3 **Segment reporting**

For the years ended 30 June 2004 and 2005, more than 90% of the Group's turnover, operating profit and operating assets were 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 financial statements.

4 **Other income**

	2005	2004
	$000	*$000*
Write back of provision for amount due from an associate	**26,419**	—

5 **Operating profit**

Operating profit is arrived at after charging:

	2005	2004
	$000	*$000*
Depreciation and amortisation	**487,327**	436,830
Operating lease rentals for land and buildings, transmission sites and leased lines	**443,677**	405,937
Cost of goods sold	**955,215**	824,234

6 **Finance income**

	2005	2004
	$000	*$000*
Interest income from debt securities		
Listed	**14,275**	19,559
Unlisted	**23,682**	28,257
	37,957	47,816
Interest income from deposits with banks and other financial institutions	**10,765**	12,652
	48,722	60,468

7 **Finance costs**

	2005	2004
	$000	*$000*
Interest expense on bank loans repayable within five years	**144**	974
Other borrowing costs	**348**	190
	492	1,164

8 **Taxation**

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profit for the year (2004: Nil). Taxation on overseas profits has been provided on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates (2004: Nil).

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

	2005	2004
	$000	*$000*
Current taxation		
Hong Kong profits tax	**2,114**	—
Overseas taxation	**4,842**	—
Deferred tax		
Origination and reversal of temporary differences	**36,222**	78,625
	43,178	78,625

9 Dividends

	2005	2004
	$000	*$000*
Interim, paid, of $0.19 (2004: $0.20) per share	**110,730**	116,953
Final, proposed, of $0.20 (2004: $0.33) per share	**116,558**	192,321
Attributable to the year	**227,288**	309,274

At a meeting held on 5 September 2005, the directors proposed a final dividend of $0.20 per share. This proposed dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained profits for the year ending 30 June 2006.

10 Earnings per share

The calculations of basic and diluted earnings per share are based on the Group's profit attributable to shareholders of $338,809,000 (2004: $466,454,000).

The basic earnings per share is based on the weighted average number of shares in issue during the year of 582,813,116 (2004: 584,194,428). The diluted earnings per share is based on 582,837,482 (2004: 584,388,352) shares which is the weighted average number of shares in issue during the year plus the weighted average number of 24,366 (2004: 193,924) shares deemed to be issued at no consideration if all outstanding options had been exercised.

11 EBITDA

EBITDA represents earnings before finance income and finance costs, depreciation and loss on disposal of fixed assets, amortisation of deferred expenditure, taxation and minority interests. EBITDA includes all costs in relation to customer acquisition and retention other than amortisation of handset subsidies.

12 **Trade receivables**

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

	2005	2004
	$000	*$000*
Current to 30 days	**147,715**	144,386
31 - 60 days	**11,451**	18,283
61 - 90 days	**4,259**	3,920
Over 90 days	**4,691**	690
	168,116	167,279

13 **Trade payables**

An ageing analysis of trade payables is as follows:

	2005	2004
	$000	*$000*
Current to 30 days	**95,906**	64,374
31 - 60 days	**21,075**	53,004
61 - 90 days	**3,276**	15,774
Over 90 days	**17,060**	21,701
	137,317	154,853

14 **Comparative figures**

Certain comparative figures have been reclassified to conform with the current year's presentation. Up to 30 June 2004, amortisation of deferred expenditure in respect of handset subsidies was charged to cost of goods sold and services provided and was shown above EBITDA. With effect from 1 July 2004, amortisation of deferred expenditure in respect of handset subsidies is charged to other operating expenses and is shown below EBITDA.

DIVIDENDS

The directors recommended the payment of a final dividend of $0.20 per share (2003/04: $0.33 per share) to the shareholders registered in the Company's register of members as at the close of business on 1 November 2005. The proposed final dividend, together with the interim dividend of $0.19 per share paid by the Company during the year (2003/04: $0.20 per share), make a total dividend of $0.39 per share for the financial year ended 30 June 2005. The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be payable on or about 11 November 2005.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 2 November 2005 to Friday, 4 November 2005, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the final dividend which are subject to approval at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 1 November 2005.

PURCHASE, SALE OR REDEMPTION OF SHARES

At no time during the year ended 30 June 2005 was there any purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's shares.

AUDIT COMMITTEE

The Audit Committee of the Company reviewed the full year financial statements and reports of the Group for the year ended 30 June 2005. The Committee was content that the accounting policies and methods of computation adopted by the Group are in accordance with the current best practice in Hong Kong. The Committee found no unusual items that were omitted from the financial statements and was satisfied with the disclosures of data and explanations shown in the financial statements.

CODE OF BEST PRACTICE

In the opinion of the directors, during the relevant accounting period, the Group has complied with the "Code of Best Practice" as set out in Appendix 14 (in effect prior to 1 January 2005) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") except that non-executive directors are not appointed for specific terms. However, non-executive directors are subject to retirement by rotation and re-election at annual general meetings in accordance with the Company's Bye-laws.

The directors adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 of the Listing Rules as the Model Code of the Company regarding securities transactions by directors with effect from 31 March 2004. Having made specific enquiry of all directors, the directors confirmed that they have complied with the required standard set out in the Model Code regarding securities transactions.

The financial information disclosed above complies with Appendix 16 of the Listing Rules.

By the order of the Board
Maria Li Sau-ping
Secretary

Hong Kong, 5 September 2005

As at the date of this announcement, the Executive Directors of the Company are Mr Douglas Li and Mr Patrick Chan Kai-lung; Non-Executive Directors are Mr Raymond Kwok Ping-luen, Mr Michael Wong Yick-kam, Mr Ernest Lai Ho-kai, Mr Andrew So Sing-tak, Mr Cheung Wing-yui and Mr David Norman Prince; Independent Non-Executive Directors are Mr Eric Li Ka-cheung, JP, Mr Ng Leung-sing, JP, Dr Sachio Semmoto and Mr Yang Xiang-dong.