

1. FURTHER INFORMATION ABOUT THE COMPANY**A. Incorporation**

The Company was incorporated in Hong Kong under the Companies Ordinance on 28 June 1994. The Company's registered office is at 8th Floor, Manhattan Centre, 8 Kwai Cheong Road, Kwai Chung, Kowloon, Hong Kong. A summary of various parts of the Company's Memorandum and Articles of Association is set out in Appendix IV to this prospectus.

B. Changes in share capital of the Company

The Company was incorporated with an authorised share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each.

By written resolutions of the members of the Company passed on 16 December 1994, the authorised share capital of the Company was increased from HK\$10,000 to HK\$20,000,000 by the creation of 19,990,000 ordinary shares of HK\$1.00 each.

By written resolutions of the members of the Company passed on 9 June 1995, the authorised share capital of the Company was increased from HK\$20,000,000 to HK\$24,000,000 by the creation of 4,000,000 ordinary shares of HK\$1.00 each.

By written resolutions of the members of the Company passed on 5 August 1996, the authorised share capital of the Company was increased from HK\$24,000,000 to HK\$150,000,000 by the creation of 126,000,000 ordinary shares of HK\$1.00 each.

By written resolutions of the members of the Company passed on 30 December 1997, the authorised share capital of the Company was increased from HK\$150,000,000 to HK\$400,000,000 by the creation of 250,000,000 ordinary shares of HK\$1.00 each.

By written resolutions of the members of the Company passed on 27 April 1999, the authorised share capital of the Company was increased from HK\$400,000,000 to HK\$433,000,000 by the creation of 33,000,000 ordinary shares of HK\$1.00 each.

By written resolutions of the members of the Company passed on 17 August 1999, the authorised share capital of the Company was increased from HK\$433,000,000 to HK\$633,000,000 by the creation of 200,000,000 cumulative redeemable convertible participating preference shares (the "Preference Shares") of HK\$1.00 each.

As a result of the Capital Reduction (which became effective on 17 February 2004), the authorised share capital of the Company was reduced to HK\$281,820,000 divided into 433,000,000 Shares of HK\$0.48 each and 154,125,000 Preference Shares of HK\$0.48 each. For further details of the Capital Reduction, please refer to the section headed "Share Capital — Capital Reduction" of this prospectus.

There has been no allotment of shares within the two years immediately preceding the issue of this prospectus.

C. Resolutions of the shareholders of the Company

Written resolutions of the shareholders of the Company were signed on 4 March 2004, 10 March 2004 and 17 March 2004 which resolved on, amongst other resolutions, effecting the following:

- (a) conditional on the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares and any Shares which may be made available pursuant to the exercise of the Over-allotment Option, and on the obligations of the Underwriters under each of the Underwriting Agreements both becoming unconditional and not having been terminated in accordance with the terms of the respective agreements or otherwise within 30 days from the date of this prospectus, the Global Offering and the Over-allotment Option were approved and the Directors were authorised to allot and issue up to 189,728,000 new Shares (assuming full exercise of the Over-allotment Option) pursuant to the terms as set out in this prospectus, provided that this resolution does not constitute approval of the Offer Price without the further written consent of all the members of the Company;
- (b) the Articles of Association was adopted;
- (c) a general unconditional mandate was given to the Directors to allot, issue and deal with Shares, otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue, the exercise of any subscription rights under the options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, any scrip dividend or similar arrangement, any adjustment of rights to subscribe for Shares under options or a specific authority granted by shareholders of the Company with an aggregate nominal value not exceeding the sum of (a) 20 per cent. of the total of (i) the aggregate nominal amount of the share capital of the Company in issue immediately following completion of the Global Offering and (ii) the aggregate nominal value of the share capital of the Company which may be issued upon the exercise of the Over-allotment Option; and (b) the aggregate nominal amount of the share capital of the Company which may be purchased by the Company under the authority referred to in (d) below, such mandate to be exercisable after the commencement of dealings in the Shares on the Stock Exchange and expire (aa) at the conclusion of the next annual general meeting of the Company, (bb) on the date of the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the Companies Ordinance or any other applicable laws of Hong Kong to be held or (cc) when it is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company, whichever is the earliest;
- (d) a general unconditional mandate was given to the Directors to exercise all powers of the Company to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of the Shares as will represent up to 10.0 per cent. of the total of (i) the aggregate nominal amount of the share capital of the Company in issue and issued pursuant to the Global Offering and (ii) the aggregate nominal value of the share capital of the Company which may be issued pursuant to the exercise of the Over-allotment Option, such mandate to expire (aa) at the conclusion of the next annual general meeting of the Company, (bb) on the date of the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or the

- Companies Ordinance or any other applicable laws of Hong Kong to be held or (cc) when it is revoked or varied by an ordinary resolution of the shareholders in general meeting of the Company, whichever is the earliest; and
- (e) subject to paragraph (d) above, the general unconditional mandate mentioned in paragraph (c) above was extended by the addition to the aggregate nominal value of the share capital of the Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of the Company repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (d) above, provided that such extended amount shall not exceed 10.0 per cent. of the aggregate nominal value of the share capital of the Company in issue immediately following completion of the Global Offering (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option);
 - (f) Mr. Jiang Wei and, in his absence, Mr. Leung Kai Hung, Michael, and, in the absence of both of them, Ms. Leung Ka On, Charlotte, were authorised to do all acts and things, and to approve, sign and/or execute any documents, agreements and/or other matters relating to the Global Offering and to take all such actions and to do, or authorise to be done, all such things as either of them may deem necessary, desirable or appropriate for the purposes of or in connection with the Global Offering provided that this resolution does not constitute approval for the determination of the Offer Price, without the further written consent of all of the members of the Company;
 - (g) conditional upon the share premium account of the Company being sufficiently credited as a result of the Global Offering:
 - (i) the Directors were authorised and directed to allot and issue immediately after the closing of the Global Offering such number of Shares credited as fully paid at par to the Preference Shareholders (or as they may direct) as represents in value (at the same price per Share as the offer price for shares under the Global Offering) the value of the Preferential Dividends (as defined in the Articles) that would otherwise have been paid to the Preference Shareholders pursuant to Article 23 of the Articles up to and including the date on which the conversion takes place on the closing of the Global Offering, in proportion to their respective holdings in the Preference Shares (save that no shareholder shall be entitled to be allotted or issued any fraction of a Share), and the Shares to be allotted and issued pursuant to the above shall rank *pari passu* in all respects with the existing issued Shares; and
 - (ii) any one of the Directors and the company secretary individually was authorised to do all such things as may be necessary or desirable or expedient to give effect to the Capitalisation Issue; and
 - (h) conditional upon the closing of the Global Offering, the Capitalisation Issue taking effect and the exercising by the Preference Shareholders of their right to conversion on the date of the closing of the Global Offering (as they are required under the deed of undertaking dated 3 February 2004 executed by the Preference Shareholders):
 - (i) the conversions of Preference Shares into Shares by consolidating the total number of Preference Shares held by each Preference Shareholder into one share and subdividing that share into the same number of Shares of individual nominal amount of HK\$0.48 each, which would rank *pari passu* in all respects with the existing issued Shares, were approved;

- (ii) for the purposes of Article 20 of the Articles, the certificates for the Shares resulting from the above conversions were authorised to be despatched within fourteen days after the above conversion taking effect; and
- (iii) any one of the Directors and the company secretary of the Company individually was authorised to do all such things and execute all such documents as may be necessary, desirable or expedient for the purposes of, or in connection with, the conversions referred to in paragraph (i) above (including the allotment and issue of the Shares resulting from the above conversions to the Preference Shareholders respectively).

2. REPURCHASE BY THE COMPANY OF ITS OWN SECURITIES

This section sets out information required by the Stock Exchange to be included in this prospectus concerning the repurchase by the Company of its own securities.

A. Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(a) *Shareholders' approval*

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

(b) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association and Articles of Association and the Listing Rules and the applicable laws of Hong Kong. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchases by the Company may be made out of capital paid up on the shares to be repurchased by the Company's funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of shares made for the purpose of the repurchase. Any amount of premium payable on the purchase over the par value of the shares to be repurchased must be out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of the Company's share premium account.

(c) *Trading restrictions*

The total number of shares which a company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10 per cent. of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, under current requirements of the Listing Rules, the repurchase of

securities on the Stock Exchange in any calendar month is limited to a maximum of 25 per cent. of the trading volume of such securities on the Stock Exchange in the immediately preceding calendar month. The Listing Rules also prohibit a company from repurchasing its securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(d) *Status of Repurchased Shares*

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(e) *Suspension of repurchase*

A company may not make any repurchase of securities after a price sensitive development has occurred or has been the subject of a decision until such time as the price sensitive information has been made publicly available. In particular, under current requirements of the Listing Rules, during the period of one month immediately preceding either the preliminary announcement of a company's annual results or the publication of its interim report, a company (other than an investment company listed pursuant to the provisions of Chapter 21 of the Listing Rules) may not repurchase its securities on the Stock Exchange unless the circumstances are exceptional. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a company has breached the Listing Rules.

(f) *Reporting requirements*

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

B. Reasons for repurchases

The Directors believe that it is in the best interest of the Company and its shareholders for the Directors to have general authority from the shareholders to enable the Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where the Directors believe that such repurchases will benefit the Company and its shareholders.

C. Funding of repurchases

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of Hong Kong.

On the basis of the Company's current financial position as disclosed in this prospectus and taking into account the Company's current working capital position, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the Company's working capital and/or the Company's gearing position as compared with the position disclosed in this prospectus. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the Company's working capital requirements or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

D. General

(a) Applicability

Exercise in full of the Repurchase Mandate, on the basis of 582,450,000 Shares in issue after completion of the Global Offering (but without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option) and on the basis of 622,728,000 Shares in issue after completion of the Global Offering (assuming exercise of the Over-allotment Option in full), could accordingly result in up to 58,245,000 Shares and 62,272,800 Shares, respectively, being repurchased by the Company during the period prior to:

- the conclusion of the next annual general meeting of the Company;
- the expiration of the period within which the Company's next annual general meeting is required by the Articles of Association or the Companies Ordinance or any other applicable laws of Hong Kong to be held; or
- the revocation or variation of the Repurchase Mandate by an ordinary resolution of the shareholders of the Company in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules) currently intends to sell any Shares to the Company or its subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum and Articles of Association and the applicable laws in Hong Kong.

If, as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purpose of the Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or a group of shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25 per cent. of the Shares then in issue could only be implemented with the approval of the Stock Exchange to waive the Listing Rules requirements regarding the public shareholding referred to above. It is believed that a waiver of this provision would not normally be given other than in exceptional circumstances.

No connected person (as defined in the Listing Rules) has notified the Company that he or she has a present intention to sell Shares to the Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

3. FURTHER INFORMATION ABOUT THE BUSINESS

A. Summary of material contracts

The Company has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material:

- (a) the Deed of Termination dated 12 January 2004 between China Resources, Telepaging, Onwel Capital, Celtel, Overseas Telecom, KPN and the Company in respect of the termination of the joint venture agreement entered into between the same parties on 10 March 1995;
- (b) the Deed of Undertaking dated 3 February 2004 between the Company, Overseas Telecom, KPN, China Resources, Onwel Capital and Celtel in respect of the Conversion;
- (c) the Deed on Use of Name dated 9 February 2004 between the Company and China Resources in respect of the Company's use of its name;
- (d) the Term Loan Facility Agreement dated 10 March 2004 between the Company and CITIC Ka Wah Bank ("Facility Agreement"); and
- (e) the Hong Kong Underwriting Agreement.

The following information relating to fees and interest rates (the "Sensitive Information") will be omitted from the copy of the Facility Agreement between us and CITIC Ka Wah Bank, which is available for inspection:


- (i) the interest rate (expressed as a margin over HIBOR) charged by CITIC Ka Wah Bank on the amounts borrowed under the Facility Agreement;
- (ii) the amount of prepayment fee (expressed as a rate to be applied to the amount prepaid) which is payable by the Company to CITIC Ka Wah Bank in the event of prepayment by the Company of all or any part of the borrowed amounts under the Facility Agreement;
- (iii) the commitment fee payable by the Company to CITIC Ka Wah Bank;
- (iv) the rate of default interest that CITIC Ka Wah Bank may charge the Company if the Company fails to pay any sum under the Facility Agreement when due; and
- (v) the upfront fee payable by the Company to CITIC Ka Wah Bank upon execution of the Facility Agreement.

The Sensitive Information is highly commercially sensitive to the parties to such agreement. Disclosure of the Sensitive Information may compromise the Company's negotiations with third parties and is therefore detrimental and unduly burdensome to the Company. Furthermore, the inclusion of the Sensitive Information is irrelevant to potential investors when assessing the financial performance of our Company and none of the terms in paragraphs (i) to (v) above would have a material impact on our financial position. We are of the view that the Facility Agreement has been entered into upon normal commercial terms (save for the agreement that the completion of the Global Offering and the transfer of funds to the Company under the Facility Agreement are conditional upon each other) and the omission of the Sensitive Information from the copy of the Facility Agreement to be disclosed would not be misleading to investors. The Sensitive Information is immaterial and irrelevant to investors for them to make an informed assessment of our Company when considering whether to invest in our Shares. For the reasons summarised above, we have applied to the Stock Exchange and have received a waiver from strict compliance with paragraph 53(2) of Part A of Appendix 1 to the Stock Exchange Listing Rules. We have applied to the SFC and have received a certificate for exemption from strict compliance with paragraph 17 of the Third Schedule to the Companies Ordinance in respect of the obligation to include a statement that a copy of every material contract has been delivered to the Registrar of Companies for registration on the conditions that (a) the prospectus contains a statement that a copy of every material contract (subject, in the case of the Facility Agreement, to the omission of the Sensitive Information) has been delivered to the Registrar of Companies for registration and (b) a copy of every material contract in the form delivered to the Registrar of Companies for registration will be made available for inspection in accordance with Appendix VI to this prospectus.

B. Intellectual Property

We are the proprietor of the trade marks  and (萬眾電話) in Hong Kong.

Details of our registered trade marks are as follows:







Trade mark	Class (Note)	Territory of registration	Expiry date	Registration number
	9	Hong Kong	9 October 2016	1998B04161
	38	Hong Kong	9 October 2016	1999B03281
(萬眾電話)	9	Hong Kong	9 October 2016	1998B09526
	38	Hong Kong	9 October 2016	1999B08482

Notes:

Class	Specification
8	Inter alia, telephone apparatus; mobile and cellular phone apparatus; telephone switching apparatus; teleprinters; telex machines; apparatus for recording; transmission or reproduction of sound or images; telephones; encoded and magnetic cards; telephone cards; telecommunication apparatus and instruments; intercommunication apparatus; interphones; telephone sets; telephone handsets; telephone receivers; portable radio telephone sets; automatic and manual telephone exchange apparatus; facsimile telegraphy apparatus; aerials; modems; analog to digital converters and digital to analog converters; telegraphic transmitters; telephone answering apparatus; telephone amplifiers; telephone connection apparatus; batteries; electronic calculators having the functions of a telephone book and address book and memo.

- 38 Inter alia, telecommunication services; facsimile transmission services; transmission and reception of spoken and written words and images; telephone services; telephone commission services; rental of telephones; telephone paging services; transmission of data between computers; electronic data communications; videotext and teletext transmission services; rental of telecommunication apparatus; time sharing services for telecommunication apparatus; telecommunication; facsimile; telex; telephone; telegram; message collection and transmission services via electronic means; transmission of data and information by means of electronic; computer; cable, radio; radio paging; teleprinters; electronic mail; fax machines; televisions; microwave; laser beam or communication satellite means; consultancy services relating to data communications; wireless communication services and telegraphic wire services.

We are also applying for registration of six other trademarks, the details of which are as follows:

Trade mark	Class (Note)	Territory of registration
	9	Hong Kong
	16	Hong Kong
	38	Hong Kong
	16	Hong Kong
	28	Hong Kong
	38	Hong Kong
	16	Hong Kong
	28	Hong Kong
	38	Hong Kong
	16	Hong Kong
	28	Hong Kong
	38	Hong Kong
	38	Hong Kong
	16	Hong Kong
	38	Hong Kong

Notes:

Class	Specification
9	Inter alia, telephone apparatus, mobile and cellular telephone apparatus, telephone switching apparatus, teleprinters, telex machines, apparatus for recording, transmission or reproduction of sound and images, encoded magnetic cards, magnetic telephone cards, telecommunication apparatus and instruments, intercommunication apparatus, interphones, telephone handsets, telephone receivers, portable radio telephone sets, automatic and manual telephone exchange apparatus, facsimile telegraph apparatus, aerials, modems, analog to digital converters and digital to analog converters, telegraphic transmitters, telephone answering apparatus, telephone amplifiers, telephone connection appliances, batteries, electronic calculators having the functions of a telephone book, address book and memo.
16	Inter alia, circulars, magazines, periodicals, books, leaflets, manuals, printed matter, stationery, telephone cards, paper, cardboard and goods made from these materials.

- 28 Playthings and dolls.
- 38 Inter alia, telecommunication services, facsimile transmission services, transmission and reception of spoken and written words and images, telephone services, telephone communications services, rental of telephones; telephone paging services, transmission of data between computers, electronic data communications, videotext and teletext transmission services, rental of telecommunication apparatus, time sharing services for telecommunication apparatus, telecommunication facsimile, telex, telephone, telegram, message collection and transmission services via electronic means, transmission of data and information by means of electronic, computer, cable, radio, radio paging, teleprinters, electronic mail, fax machines, televisions, microwave, laser beam or communication satellite means, consultancy services relating to data communications, wireless communication services, telegraphic wire services.

4. DISCLOSURE OF INTERESTS

A. Interests of Directors in the share capital of the Company

Immediately following the Global Offering, the Capitalisation Issue and the Conversion and taking no account of any Shares which may be allotted and issued pursuant to the Pre-IPO Share Option Scheme and the Share Option Scheme or the exercise of the Over-allotment Option, the beneficial interests of the Directors in the share capital of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance), which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part X of the Securities and Futures Ordinance (including interests and short positions in which they are taken or deemed to have taken under such provisions of the Securities and Futures Ordinance) once the Shares are listed on the Stock Exchange, or which will be required pursuant to section 352 of the Securities and Futures Ordinance to be entered in the register referred to therein, once the Shares are listed, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange once the Shares are listed on the Stock Exchange are as follows:

Long positions in the shares, underlying shares and debentures of the Company or its associated corporations:

Director	Company/Associated Corporation	Type of interest	Number of Shares	Approximate percentage (%) in the relevant issued Share capital
LEUNG Kai Hung, Michael ⁽²⁾	Our Company	Corporate interest	116,714,614(L) 23,815,000(S) ⁽³⁾	15.7 3.2

Notes:

- The letters "L" and "S" denote the person's long position and short position in such Shares, respectively.
- Mr. Leung Kai Hung, Michael, an executive Director of our Company is interested in 100 per cent. of the interests in Onwel Capital. Therefore, Mr. Leung Kai Hung, Michael is deemed or taken to be interested in the Shares which are beneficially owned by Onwel Capital.
- On 12 March 2004, Onwel Capital granted KPN an option to purchase 23,815,000 Shares at the Offer Price from Onwel Capital if the Offer Price per Share for the Global Offering would reflect a valuation of less than HK\$3.8 billion with respect to the Company. Such option is exercisable by KPN within three business days immediately after the expiry of the six month period after the date on which dealings in the Shares commence on the Stock Exchange.

As at the date of this prospectus, the following options have been conditionally granted to certain Directors under the Pre-IPO Share Option Scheme:

Name	Date of grant	Number of Shares subject to the option	Exercise price
NING Gao Ning	11 March 2004	1,000,000	Offer price
JIANG Wei	11 March 2004	800,000	Offer price
LI Fu Zuo	11 March 2004	600,000	Offer price
WU Jun	11 March 2004	600,000	Offer price
HUANG Zhi Jian	11 March 2004	400,000	Offer price
SINN Chung Ming, Anthony	11 March 2004	400,000	Offer price
LEUNG Kai Hung, Michael	11 March 2004	4,500,000	Offer price
LEUNG Ka On, Charlotte	11 March 2004	3,000,000	Offer price
WONG Man Kwan, Willie	11 March 2004	3,000,000	Offer price
HENSHAW Charles Guy	11 March 2004	<u>3,000,000</u>	Offer price
		<u><u>17,300,000</u></u>	

The exercise of the above options granted under the Pre-IPO Option Scheme is conditional on (1) the Listing Committee granting approval of the listing of, and permission to deal in, Shares which may be issued pursuant to the exercise of options under the Pre-IPO Share Option Scheme and (2) the commencement of dealings in the Shares on the Stock Exchange.

B. Particulars of service contracts and Directors' remuneration

None of the Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

The Company did not pay any emoluments to its Directors in office during the three years ended 31 December 2003.

Under the arrangements currently in force, the aggregate emoluments payable by the Company to the Directors for the year ending 31 December 2004 is estimated to be approximately HK\$12.0 million.

C. Personal guarantees

The Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to the Company.

D. Agency fees or commissions received

Except as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of the Company within the two years ended on the date of this prospectus.

5. DISCLAIMERS

Save as disclosed in this prospectus:

- (i) none of the Directors or chief executive of the Company has any interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have taken under such provisions of the Securities and Futures Ordinance or which will be required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein, or will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange;
- (ii) none of the Directors nor any of the persons whose names are listed in paragraph 4B of this Appendix is interested in the promotion of the Company, or in any assets which have within the two years immediately preceding the issue of this prospectus been acquired or disposed of by or leased to any member of the Company, or are proposed to be acquired to disposed of by or leased to any member of the Company;
- (iii) none of the Directors nor any of the persons whose names are listed in paragraph 4B of this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is unusual in its nature or conditions or which is significant in relation to the business of the Company;
- (iv) none of the persons whose names are listed in paragraph 7D of this Appendix has any shareholding in any member of the Company or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company;
- (v) none of the Directors has entered or has proposed to enter into any service agreements with the Company or any member of the Company (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation);
- (vi) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of the Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the Global Offering or related transaction as mentioned in this prospectus;
- (vii) none of the Directors or their associates has any interest in the five largest customers or suppliers of the Company; and
- (viii) none of the controlling shareholder and Directors are interested in any business apart from the Company's business which competes or is likely to compete, directly or indirectly, with the business of the Company.

6. SHARE OPTION SCHEME

Summaries of the Share Option Scheme and Pre-IPO Share Option Scheme are set out in Appendix III to this prospectus.

7. OTHER INFORMATION

A. Estate duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Company.

B. Litigation

Our policy is to recover overdue service charges via the Small Claims Tribunal in Hong Kong. Save as disclosed in this prospectus, we have not been involved in any litigation, arbitration or administrative proceedings that could individually or if taken as a whole, have a materially adverse effect on or threaten our financial condition or results of operations.

C. Sponsor

The Sponsor has made an application on behalf of the Company to the Listing Committee of the Stock Exchange for listing of, and permission to deal in, the Shares and any Shares issued pursuant to the exercise of any options granted under the Pre-IPO Share Option Scheme and which may be granted under the Share Option Scheme, the Shares to be issued pursuant to the Capitalisation Issue, Conversion and the Over-allotment Option. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

D. Promoter

The Company has no promoter for the purposes of the Listing Rules. Save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the promoter in connection with the Global Offering and the related transactions described in this prospectus.

E. Qualifications

The qualifications of the experts who have given opinions in this prospectus are as follows:

Name	Qualification
UBS	A corporation deemed to be licensed under the Securities and Futures Ordinance for Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) regulated activities and Type 9 (asset management)
CB Richard Ellis	Chartered surveyors and real estate consultant
KPMG	Certified public accountants

F. Consents

UBS, CB Richard Ellis and KPMG have given and have not withdrawn their respective written consents to the issue of this prospectus with the inclusion of their reports, valuation certificate, letters and/or opinions and summaries of opinion (as the case may be) and/or the references to their names included herein in the form and context in which they respectively appear.

G. Taxation of holder of Shares*Tax on Dividends*

No tax is payable in Hong Kong in respect of dividends paid by us.

Profits

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax, which is currently imposed at the rate of 17.5 per cent. on corporations and at a maximum rate of 15.5 per cent. (which will be increased to 16.0 per cent. effective from 1 April 2004) on individuals. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2 per cent. of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

If one of the parties to the sale is a non-resident of Hong Kong and does not pay the required stamp duty, the duty not paid will be charged on the instrument of transfer (if any) (in addition to the stamp duty otherwise chargeable thereon), and the transferee will be liable for payment of such duty.

Estate Duty

The Shares are Hong Kong property for the purpose of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong). Accordingly, the Shares may be subject to Hong Kong estate duty on the death of the beneficial owner of the Shares, regardless of the place of the owner's residence, citizenship or domicile. Hong Kong estate duty is imposed on a progressive scale from 5 per cent. to 15 per cent. No estate duty is payable when the aggregate value of the dutiable estate does not exceed HK\$7.5 million, and the maximum rate of duty of 15 per cent. applies when the aggregate value of the dutiable estate exceeds HK\$10.5 million.

Consultation with professional advisors

Potential investors in the Global Offering are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. None of our Company, the Global Coordinator, the Sponsor, the Underwriters, any of their respective directors, or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding or disposal of, or dealing in, Shares.

H. No material adverse change

We are not aware of any material adverse change in our financial or trading position since 31 December 2003.

I. Particulars of the Selling Shareholders

The following are the particulars of the Selling Shareholders:

Name	Registered address	Number of Shares to be Sold
KPN	Maanplein 55 2516 CK, The Hague, The Netherlands	47,630,000
Overseas Telecom AB	Nybrogatan 7, S-114, 34 Stockholm, Sweden	47,630,000
Celtel	Scorpius 112–126 2132 LR Hoofddorp The Netherlands	23,815,000

J. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

K. Miscellaneous

Save as disclosed in this prospectus:

- (i) within the two years preceding the date of this prospectus, the Company has not issued or agreed to issue any of their share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (ii) no share or loan capital of the Company is under option or is agreed conditionally or unconditionally to be put under option;

- (iii) the Company has not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (iv) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (v) the Company has no outstanding convertible debt securities or debentures; and
- (vi) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commissions to underwriters) for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any Shares in the Company.