

SUPPLEMENTARY INFORMATION FOR ADR HOLDERS

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 difference relates principally to the following items and the adjustments considered necessary to restate profit for the year (net income) and shareholders' funds (shareholders' equity) in accordance with US GAAP are shown in the tables set out below.

Capitalisation of interest

Under HK GAAP, interest on bank loans, including the related costs of raising the loans, taken out to finance construction of satellites is capitalised during the period of construction. Under US GAAP, the interest capitalised is computed by applying an average borrowing rate to the total amount of qualifying assets under construction, not to exceed total interest costs incurred.

The following table summarises the effect on profit attributable to shareholders (net income) of differences between HK GAAP and US GAAP:

	Note	Year ended 31st December		
		2001 US\$	2001 HK\$	2000 HK\$
(in millions, except per share)				
Profit for the year (net income)				
as reported under HK GAAP		72.2	563.0	576.3
US GAAP material adjustments:				
Capitalisation of interest, net of amortisation of interest capitalised		(0.1)	(0.6)	(8.9)
Tax effect on reconciling items		—	0.1	0.7
Profit for the year (net income) under US GAAP		72.1	562.5	568.1
Basic earnings per share under US GAAP		0.18	1.44	1.46
Diluted earnings per share under US GAAP		0.18	1.44	1.46
Basic earnings per American Depositary Share ("ADS") under US GAAP	1	1.85	14.41	14.56
Diluted earnings per ADS under US GAAP	1	1.85	14.41	14.52
Shares used in computation of earnings per share (in thousands):				
Basic		390,266	390,266	390,241
Diluted		390,266	390,266	391,155

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The following table summarises the effect on shareholders' funds (shareholders' equity) of the differences between HK GAAP and US GAAP:

	At 31st December		
	2001	2001	2000
	US\$	HK\$	HK\$
			(as restated)
			(in million)
Shareholders' funds (shareholders' equity) as reported under HK GAAP	368.0	2,870.1	2,385.1
US GAAP material adjustments:			
Capitalisation of interest, net of amortisation of interest capitalised	12.0	93.3	93.9
Tax effect of reconciling items	(1.4)	(11.2)	(11.3)
Shareholders' funds (shareholders' equity) under US GAAP	378.6	2,952.2	2,467.7

Notes:

1. One ADS is equivalent to 10 shares.

2. The translations of HK\$ amounts into US\$ are for convenience only and have been made at a rate of HK\$7.8 to US\$1, the approximate rate of exchange at 31st December, 2001. Such translations should not be construed as representations that the HK\$ amounts could be converted into US\$ at that or any other rate.