

## SUPPLEMENTARY INFORMATION FOR ADR HOLDERS

These 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 adjustments considered necessary to restate profit attributable to shareholders (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 the 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.

### **AMORTISATION OF GOODWILL**

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142 “*Goodwill and Other Intangible Assets*”. Under this statement, goodwill as well as certain other intangible assets, determined to have an infinite life, will no longer be amortised. Instead these assets shall be tested for impairment at least annually. Under HK GAAP, goodwill is capitalised and amortised over its useful economic life or written down to its fair value at such time as it is determined to be impaired.

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

	<i>Note</i>	Six months ended 30th June		
		<b>2002</b> <b>US\$</b>	<b>2002</b> <b>HK\$</b>	2001 HK\$ (restated)
				(unaudited - in millions, except per share)
Profit attributable to shareholders (net income) as reported under HK GAAP		<b>35.9</b>	<b>279.8</b>	278.1
US GAAP material adjustments:				
Capitalisation of interest, net of amortisation of interest capitalised		<b>(0.9)</b>	<b>(7.4)</b>	(4.9)
Amortisation of goodwill		<b>0.4</b>	<b>2.8</b>	—
Tax effect of reconciling items		<b>—</b>	<b>0.6</b>	0.4
Profit attributable to shareholders (net income) under US GAAP		<b>35.4</b>	<b>275.8</b>	273.6
Basic earnings per share under US GAAP		<b>0.09</b>	<b>0.71</b>	0.70
Diluted earnings per share under US GAAP		<b>0.09</b>	<b>0.71</b>	0.70
Basic earnings per American Depositary Share ("ADS") under US GAAP	<i>1</i>	<b>0.91</b>	<b>7.07</b>	7.01
Diluted earnings per ADS under US GAAP	<i>1</i>	<b>0.91</b>	<b>7.07</b>	7.01
Shares used in computation of earnings per share (in thousands):				
Basic		<b>390,266</b>	<b>390,266</b>	390,266
Diluted		<b>390,266</b>	<b>390,266</b>	390,266

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

	<b>30.6.2002</b>	<b>30.6.2002</b>	31.12.2001
	<b>US\$</b>	<b>HK\$</b>	HK\$
	(unaudited)	(unaudited)	(audited)
		(in millions)	
Shareholders' funds (shareholders' equity) as reported under HK GAAP	<b>396.8</b>	<b>3,095.3</b>	2,870.1
US GAAP material adjustments:			
Capitalisation of interest, net of amortisation of interest capitalised	11.1	85.9	93.3
Amortisation of goodwill	0.4	2.8	—
Tax effect of reconciling items	(1.4)	(10.6)	(11.2)
Shareholders' funds (shareholders' equity) under US GAAP	<b>406.9</b>	<b>3,173.4</b>	2,952.2

Notes:

1. One ADS is equivalent to 10 shares.
2. The translation 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 30th June, 2002. Such translations should not be construed as representations that the HK\$ amounts could be converted into US\$ at that or any other rate.