

## 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 differences relating 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 and borrowing costs**

Under HK GAAP, interest on bank loans, including the related costs of raising the loan facilities, 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 of outstanding debt to the total amount of qualifying assets under construction, not to exceed total interest costs incurred.

In addition, under US GAAP, certain related borrowing costs payable to lenders are excluded from the amounts capitalised.

### **Amortisation of goodwill**

Under HK GAAP, goodwill is amortised on a systematic basis over its useful life. Under US GAAP, effective from January 2002, goodwill is no longer amortised and should be stated at cost, less impairment loss recorded, if any. An impairment analysis is required on an annual basis or sooner if indicators of impairment arise.

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

	Year ended 31st December		
	<b>2002</b>	<b>2002</b>	2001
	<b>US\$</b>	<b>HK\$</b>	HK\$
	(Note 1)		
	(in millions, except per share)		
Profit for the year (net income)			
as reported under HK GAAP	<b>71.1</b>	<b>554.7</b>	563.0
US GAAP material adjustments:			
Capitalisation of interest and borrowing costs			
including effects of its amortisation	<b>(2.9)</b>	<b>(23.0)</b>	(0.6)
Amortisation of goodwill	<b>0.6</b>	<b>4.6</b>	—
Tax effect on reconciling items	<b>0.2</b>	<b>1.8</b>	0.1
	_____	_____	_____
Profit for the year (net income)			
under US GAAP	<b>69.0</b>	<b>538.1</b>	562.5
	_____	_____	_____
Basic and diluted earnings per share under US GAAP	<b>0.18</b>	<b>1.38</b>	1.44
Basic and diluted earnings per American Depositary			
Share (“ADS”) under US GAAP (Note 2)	<b>1.77</b>	<b>13.79</b>	14.41
Shares used in computation of basic earnings			
per share (in thousands)	<b>390,266</b>	<b>390,266</b>	390,266

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

	At 31st December		
	<b>2002</b>	<b>2002</b>	2001
	<b>US\$</b>	<b>HK\$</b>	HK\$
	(Note 1)		
		(in millions)	
Shareholders' funds (shareholders' equity) as reported under HK GAAP	<b>429.0</b>	<b>3,346.7</b>	2,870.1
US GAAP material adjustments:			
Capitalisation of interest and borrowing costs including effect of its amortisation	<b>9.0</b>	<b>70.3</b>	93.3
Amortisation of goodwill	<b>0.6</b>	<b>4.6</b>	—
Tax effect of reconciling items	<b>(1.2)</b>	<b>(9.4)</b>	(11.2)
	_____	_____	_____
Shareholders' funds (shareholders' equity) under US GAAP	<b>437.4</b>	<b>3,412.2</b>	2,952.2
	_____	_____	_____

Notes:

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