

SUPPLEMENTARY INFORMATION FOR ADR HOLDERS

The financial statements as set out on pages 23 to 36 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”), as follows:

CAPITALISATION OF INTERESTS AND OTHER BORROWING COSTS

Under HK GAAP, interest on bank loans and the related costs of obtaining the loans (including costs incurred in connection with 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 cost payable to lenders are excluded from the amounts capitalised.

GOODWILL

Under HK GAAP, goodwill is amortised on a systematic basis over its useful life. Under US GAAP, effective 1st January, 2002, goodwill is: (i) no longer amortised; (ii) assigned to a reporting unit; and (iii) tested for impairment at least annually using fair value. Prior to 1st January, 2002, goodwill was amortised under US GAAP.

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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:

		Six months ended 30th June		
	<i>Note</i>	2003	2003	2002
		US\$	HK\$	HK\$
(unaudited - in millions, except per share)				
Profit attributable to shareholders (net income) as reported under HK GAAP		30.8	240.1	279.8
US GAAP material adjustments:				
Capitalisation of interest and other borrowing costs, including effects of its amortisation		(1.0)	(7.7)	(7.4)
Amortisation of goodwill		0.4	3.3	2.8
Tax effect of reconciling items		—	(0.2)	0.6
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Profit attributable to shareholders (net income) under US GAAP		30.2	235.5	275.8
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Basic and diluted earnings per share under US GAAP		0.08	0.60	0.71
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Basic and diluted earnings per American Depositary Share (“ADS”) under US GAAP	<i>1</i>	0.77	6.03	7.07
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Shares used in computation of basic and diluted earnings per share (in thousands)		390,266	390,266	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:

	30.6.2003	30.6.2003	31.12.2002
	US\$	HK\$	HK\$
	(unaudited)	(unaudited)	(audited)
	(in millions)	(in millions)	(in millions)
Shareholders' funds (shareholders' equity) as reported under HK GAAP	437.8	3,415.1	3,346.7
US GAAP material adjustments:			
Capitalisation of interest and other borrowing costs, including effects of its amortisation	8.0	62.6	70.3
Amortisation of goodwill	1.0	7.9	4.6
Tax effect of reconciling items	(1.2)	(9.6)	(9.4)
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Shareholders' funds (shareholders' equity) under US GAAP	445.6	3,476.0	3,412.2
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Notes:

- One ADS is equivalent to 10 shares.
- 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, 2003. Such translations should not be construed as representations that the HK\$ amounts could be converted into US\$ at that or any other rate.