

## 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' 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 and 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 costs payable to lenders are excluded from the amounts capitalised.

### **AMORTISATION AND IMPAIRMENT LOSS OF GOODWILL**

Under HK GAAP, goodwill is amortised on a systematic basis over its useful life. Under US GAAP, effective from 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 if indicators of impairment arise. Prior to 1st January, 2002, goodwill was amortised under US GAAP.

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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>2003</b>	<b>2003</b>	2002
	<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>54.4</b>	<b>424.5</b>	554.7
US GAAP material adjustments:			
Capitalisation of interest and borrowing costs including effects of its amortisation	<b>(1.5)</b>	<b>(11.8)</b>	(23.0)
Amortisation and impairment loss of goodwill	<b>(0.6)</b>	<b>(4.6)</b>	4.6
Tax effect on reconciling items	<b>—</b>	<b>0.2</b>	1.8
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Profit for the year (net income) under US GAAP	<b>52.3</b>	<b>408.3</b>	538.1
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Basic and diluted earnings per share under US GAAP	<b>0.13</b>	<b>1.05</b>	1.38
Basic and diluted earnings per American Depository Share (“ADS”) under US GAAP (Note 2)	<b>1.34</b>	<b>10.46</b>	13.79
Shares used in computation of basic and diluted earnings per share (in thousands)	<b>390,266</b>	<b>390,266</b>	390,266

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

	At 31st December		
	<b>2003</b>	<b>2003</b>	2002
	<b>US\$</b>	<b>HK\$</b>	HK\$
	(Note 1)		
		(in millions)	
Shareholders' equity as reported under HKGAAP	<b>457.5</b>	<b>3,568.3</b>	3,346.7
US GAAP material adjustments:			
Capitalisation of interest and borrowing costs including effect of its amortisation	<b>7.5</b>	<b>58.5</b>	70.3
Amortisation and impairment loss of goodwill	<b>—</b>	<b>—</b>	4.6
Tax effect of reconciling items	<b>(1.2)</b>	<b>(9.2)</b>	(9.4)
Shareholders' equity under US GAAP	<b>463.8</b>	<b>3,617.6</b>	3,412.2

Notes:

1. The translations of Hong Kong dollar amounts into United States dollars 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, 2003. Such translations should not be construed as representations that the Hong Kong dollar amounts could be converted into United States dollars at that or any other rate.
2. One ADS is equivalent to 10 ordinary shares.