

## 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.

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 (unaudited)		
	2004	2004	2003
	US\$'000	HK\$'000	HK\$'000
	(Note 1)		
Profit for the year (net income) as reported under HK GAAP	55,284	431,216	424,488
US GAAP adjustments:			
Amortisation of interest and borrowing costs (a)	(1,035)	(8,072)	(11,780)
Amortisation of goodwill (b)	28	221	6,500
Impairment of loss of goodwill (b)	—	—	(11,104)
Tax effect on reconciling items (c)	92	706	151
Profit for the year (net income) under US GAAP	54,369	424,071	408,255
Basic and diluted earnings per share under US GAAP	US\$0.14	HK\$1.09	HK\$1.05
Basic and diluted earnings per American Depositary Share ("ADS") under US GAAP (Note 2)	US\$1.39	HK\$10.86	HK\$10.46
Shares used in computation of basic and diluted earnings per share (in thousands)	390,266	390,266	390,266

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

	At 31st December (unaudited)		
	2004	2004	2003
	US\$'000	HK\$'000	HK\$'000
	(Note 1)		
Shareholders' equity as reported under HKGAAP	<b>496,743</b>	<b>3,874,597</b>	3,568,266
US GAAP adjustments:			
Capitalisation of interest and borrowing costs (a)	<b>15,767</b>	<b>122,980</b>	122,980
Amortisation of interest and borrowing costs (a)	<b>(9,301)</b>	<b>(72,545)</b>	(64,473)
Amortisation of goodwill (b)	<b>1,452</b>	<b>11,325</b>	11,104
Impairment loss of goodwill (b)	<b>(1,424)</b>	<b>(11,104)</b>	(11,104)
Tax effect of reconciling items (c)	<b>(1,094)</b>	<b>(8,537)</b>	(9,243)
Shareholders' equity under US GAAP	<b>502,143</b>	<b>3,916,716</b>	3,617,530

(a) 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 cost incurred during the period of construction that could have been avoided if the construction of satellites had not been made are capitalised. 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.

(b) 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. Prior to 1st January, 2002, goodwill was amortised over its estimated useful life, not to exceed 40 years under US GAAP.

(c) The amounts included in the reconciliation show the income tax effects of the differences between HK GAAP and US GAAP as described above.

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, 2004. 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.