

## Supplementary Information for ADR Holders

(All amounts in Hong Kong dollar thousands unless otherwise stated)

The Group's financial statements are prepared in accordance with HKFRS, which differ in certain significant respects from 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 HKFRS and US GAAP for the year:

	Year ended 31 December		2005
	2006	2006	
	US\$'000		
	(note 1)		
Profit for the year (net income) as reported under HKFRS	58,206	454,009	366,184
US GAAP adjustments:			
Amortisation of interest and borrowing costs (a)	(1,035)	(8,072)	(8,072)
Stock compensation using the fair value method (c)	(1,116)	(8,707)	—
Tax effect on reconciling items (d)	91	706	706
Profit for the year (net income) under US GAAP	56,146	437,936	358,818
Basic earnings per share under US GAAP	US\$0.14	HK\$1.12	HK\$0.92
Diluted earnings per share under US GAAP	US\$0.14	HK\$1.12	HK\$0.92
Basic earnings per American Depositary Share ("ADS") under US GAAP (note 2)	US\$1.44	HK\$11.22	HK\$9.19
Diluted earnings per American Depositary Share ("ADS") under US GAAP (note 2)	US\$1.44	HK\$11.22	HK\$9.19
Shares used in computation of basic earnings per share (in thousands)	390,266	390,266	390,266
Shares used in computation of diluted earnings per share (in thousands)	390,266	390,266	390,292

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

	As at 31 December		
	2006	2006	2005
	US\$'000		
	(note 1)		
Shareholders' equity as reported under HKFRS	566,872	4,421,604	4,104,188
US GAAP adjustments:			
Capitalisation of interest and borrowing costs (a)	15,767	122,980	122,980
Amortisation of interest and borrowing costs (a)	(11,370)	(88,689)	(80,617)
Amortisation of goodwill (b)	1,452	11,325	11,325
Impairment loss of goodwill (b)	(1,424)	(11,104)	(11,104)
Stock compensation using the fair value method (c)	(1,116)	(8,707)	—
Tax effect of reconciling items (d)	(914)	(7,125)	(7,831)
Shareholders' equity under US GAAP	569,267	4,440,284	4,138,941

### (a) Capitalisation of interest and borrowing costs

Under HKFRS, 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, is 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.

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### (b) Amortisation and impairment loss of goodwill

Under HKFRS, HKFRS 3 requires all business combinations for which the agreement date is on or after 1 January 2005 to be accounted for using the purchase method. Goodwill acquired in a business combination will no longer be amortised but will be subject to impairment tests at least annually in accordance with HKAS 36. Upon the adoption of HKFRS 3, the net carrying amount of goodwill carried on the balance sheet is frozen and will be tested for impairment. Goodwill previously taken directly to reserves will no longer be subject to impairment testing and will not be recognised in the income statement when all or part of the business to which the goodwill relates is disposed of. Accordingly, goodwill previously taken directly to reserves will not impact the income statement in the future upon the adoption of HKAS 36.

Under US GAAP, effective from 1 January 2002, goodwill is: (i) no longer amortised, (ii) assigned to a reporting unit and (iii) tested for impairment at least annually. Prior to 1 January 2002, goodwill was amortised over its estimated useful life, not to exceed 40 years under US GAAP.

### (c) Stock compensation

Under HKFRS, it is not required to apply HKFRS 2 to share options granted on or before 7 November 2002 and vested before 1 January 2005 (the effective date of HKFRS 2). The Company has chosen not to apply HKFRS 2 to share options issued prior to 1 January 2005.

Under US GAAP, effective 1 January 2006 the Company adopted SFAS 123R using the modified prospective approach and accordingly prior periods have not been restated to reflect the impact of SFAS 123R. Under SFAS 123R, stock-based awards granted prior to its adoption will be expensed over the remaining portion of their vesting period, taking into account the estimated forfeiture of options. The fair value options granted was estimated using the Black-Scholes option-pricing model.

Compensation expense resulting from the fair value method may not be representative of compensation expense to be incurred in the year concerned.

### (d) The amounts included in the reconciliation show the income tax effects of the differences between HKFRS 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 31 December 2006. 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.