THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Asia Satellite Telecommunications Holdings Limited (the "Company"), you should at once hand this Circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

AsiaSat

Asia Satellite Telecommunications Holdings Limited
亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1135)

LAUNCH CONTRACT FOR COMMISSIONING OF ASIASAT 5
MAJOR TRANSACTION

20 April 2009

* *for identification purpose only*

CONTENTS

DEFINITIONS

In this Circular, the following expressions have the meanings set out below unless the context requires otherwise:

"Announcements"	the announcements dated 28 April 2006 and 8 May 2006, respectively, published by the Company;
"AsiaSat 2"	the AsiaSat satellite launched in 1995 and located at the orbital position of 100.5 degree East, which will be replaced by AsiaSat 5 upon its successful launch;
"AsiaSat 5"	the new Space Systems/Loral satellite bus being constructed by Loral pursuant to the Construction Agreements and which will be launched to replace AsiaSat 2;
"AsiaSat"	Asia Satellite Telecommunications Company Limited, an indirect wholly-owned subsidiary of the Company incorporated under the laws of Hong Kong having its registered office in Hong Kong. Its principal business is the provision of satellite services to broadcasting and telecommunications markets;
"Company"	Asia Satellite Telecommunications Holdings Limited, a company incorporated under the laws of Bermuda, with its principal business being an investment holding company that indirectly owns 100% shareholdings of AsiaSat. The shares of the Company are listed on the main board of the Stock Exchange;
"Construction Agreements"	the agreement dated 28 April 2006 entered into between AsiaSat and Loral for the construction of AsiaSat 5 and its supplemental agreements;
"Directors" or "Board"	the directors of the Company;
"Group"	the Company and its subsidiaries including but not limited to AsiaSat;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"ILS"	ILS International Launch Services, Inc., a corporation organised and existing under the laws of the State of Delaware, U.S.A. having its principal place of business at Virginia, U.S.A. Its principal business is the provision of communication satellite launch services;
"Latest Practicable Date"	15 April 2009, being the latest practicable date prior to the printing of this Circular for ascertaining certain information in this Circular;
"Launch"	the launch of AsiaSat 5;
"Launch Contract"	the agreement dated 20 February 2009 entered into between AsiaSat and ILS for the Launch;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Loral"	Space Systems/Loral, Inc, a corporation organised and existing under the laws of the State of Delaware, U.S.A. and headquartered in California, U.S.A. Its principal business is the designing, manufacturing and integrating of communication satellites and satellite systems;
"Original Consideration"	approximately US$180 million (approximately HK$1,404 million), being collectively the consideration under the Construction Agreements, the Original Launch Contract and the cost of the ancillary insurance, facilities and other related expenses;
"Original Launch Contract"	the agreement dated 8 May 2006 entered into between AsiaSat and Sea Launch for the Launch;

"Original Transactions"	the major transaction as announced by the Company in the Announcements and Previous Circular, involving among others, transactions contemplated under the Construction Agreements, the Original Launch Contract and the relevant insurance and facilities;
"Previous Circular"	the circular dated 20 June 2006 published by the Company;
"Replacement Launch"	the optional replacement Launch in the Launch Contract;
"Sea Launch"	Sea Launch Limited Partnership, an exempt limited partnership organised under the laws of Cayman Islands acting through its general partner, Sea Launch Company, L.L.C., an U.S.A. limited liability company organised under the laws of the State of Delaware, U.S.A. and having offices in Long Beach, California, U.S.A. Its principal business is to provide launch services for the satellites of commercial customers;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Shareholders"	the shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"U.S.A."	the United States of America;
"US$"	United States dollars, the lawful currency of the U.S.A.;
"%"	per cent.

For the purpose of this Circular, conversions of US$ into HK$ in this Circular are for reference only and have been made at a rate of US$1.00 to HK$7.80. Such conversions should not be construed as representations that the US$ amounts could be converted into HK$ at that or any other rate.

Asia Satellite Telecommunications Holdings Limited
亞洲衛星控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1135)

Non-Executive Directors:
MI Zeng Xin, *Chairman*
Sherwood P. DODGE, *Deputy Chairman*
Mark CHEN
John F. CONNELLY
DING Yu Cheng
GUAN Yi
JU Wei Min
Nancy KU

Executive Directors:
Peter JACKSON, *Chief Executive Officer*
William WADE, *Deputy Chief Executive Officer*

Independent Non-Executive Directors:
Edward CHEN
Robert SZE
James WATKINS

Registered Office
Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Principal Place of Business
19th Floor, Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

20 April 2009

To Shareholders

Dear Sir or Madam,

LAUNCH CONTRACT FOR COMMISSIONING OF ASIASAT 5
MAJOR TRANSACTION

INTRODUCTION

Reference is made to the Announcements and the Previous Circular of the Company relating to the commissioning of AsiaSat 5, which involves, among others, the construction of AsiaSat 5 pursuant to the Construction Agreements, the Launch pursuant to the Original Launch Contract

* *for identification purpose only*

and the acquiring of the ancillary insurance, facilities and other related expenses. The Original Transactions together were estimated to cost approximately US$180 million (approximately HK$1,404 million) and constituted a major transaction of the Company under Chapter 14 of the Listing Rules. Written Shareholders' approval for the Original Transactions had been obtained.

In light of delays on the part of Sea Launch to provide the Launch and the urgency of the Launch, AsiaSat, an indirect wholly-owned subsidiary of the Company, has entered into the Launch Contract on 20 February 2009 for the procuring of the Launch by ILS, replacing the same by Sea Launch. The major terms of the Launch Contract are set out as follows:

LAUNCH CONTRACT

Date

20 February 2009

Parties

(1) AsiaSat, an indirect wholly-owned subsidiary of the Company, as the purchaser; and

(2) ILS, as the Launch contractor.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, ILS and its ultimate beneficial owners are third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company, and neither ILS nor any of its subsidiaries/associates (as defined in the Listing Rules) have any interests in any shares of the Company.

Subject matter

Pursuant to the Launch Contract, ILS shall furnish to AsiaSat one launch service utilising a Proton launch vehicle for the Launch in the Republic of Kazakhstan in the estimated launch slot between 15 July 2009 and 15 August 2009. The Launch Contract will replace the Original Launch Contract under the Original Transactions.

Consideration and Payment

As at the date of this Circular, the consideration for the provision of the Launch by ILS is US$80 million (approximately HK$624 million) in cash, of which US$24 million (approximately HK$187.2 million) has already been paid by AsiaSat to ILS to allow ILS to commence work for the Launch. The remaining consideration will be payable by AsiaSat to ILS in phases in the following manner:

(i) four instalments each amounting to 15% of the total consideration under the Launch Contract will be payable in stages within 3 months prior to 15 July 2009, being the first day of the scheduled launch slot; and

(ii) the last instalment amounting to 10% of the total consideration under the Launch Contract will be payable within one month after 15 July 2009.

The consideration under the Launch Contract was negotiated on an arm's-length basis having regard to the value of the services to be provided by ILS and the quotes of other offers available for similar services on the market, and will be fully funded by the internal resources of AsiaSat.

Conditions and Effective Date

The Launch Contract is subject to, among others, AsiaSat obtaining the necessary Shareholders' approval as required under the Listing Rules. The Company's controlling shareholder, Bowenvale Limited, which owns 268,905,000 ordinary shares representing approximately 69% of the issued share capital of the Company, has granted its written approval to the Company on 20 February 2009 and thus the Launch Contract has become effective on the same date.

Termination charge

A termination charge of up to 50% of the total consideration amounting to US$80 million (approximately HK$624 million) under the Launch Contract shall be payable by AsiaSat to ILS in an event that AsiaSat terminates this Launch Contract for convenience, is in default of its payment obligations and fails to remedy such default within the permitted time allowed for or postpones the Launch in excess of permissible time under the Launch Contract.

Option

In the event of a Launch failure, AsiaSat has an option to order the Replacement Launch under the Launch Contract. Upon AsiaSat's exercise of such option, ILS shall provide the Replacement Launch to AsiaSat no earlier than 18 months from ILS's receipt of AsiaSat's written notice, but in no case shall the Replacement Launch date be later than 31 December 2012. The consideration for the exercise of such option will be US$82 million (approximately HK$639.6 million) if the Replacement Launch takes place in 2011, or US$85 million (approximately HK$663 million) if it takes place in 2012. The Company will comply with the requisite requirements under the Listing Rules if the option is exercised, and further disclosure will be made if and when appropriate.

REASONS AND BENEFITS OF THE LAUNCH CONTRACT

As disclosed previously by the Company in the Announcements and in the Previous Circular, AsiaSat 5 will replace AsiaSat 2 at the orbital position of 100.5 degree East and allow AsiaSat to maintain its market competitiveness and continue to offer the service at the strategic orbital position at which AsiaSat 2 is now located. Details of the reasons and benefits for the commissioning of AsiaSat 5 were set forth in the Previous Circular.

The Original Transactions involve, among others, the construction of AsiaSat 5 at a consideration of approximately US$95 million (approximately HK$741 million) pursuant to the Construction Agreements, the Launch at a consideration of approximately US$45 million (approximately HK$351 million) pursuant to the Original Launch Contract and the cost of acquiring the ancillary insurance, facilities and other related expenses, which together were estimated to be approximately US$180 million (approximately HK$1,404 million) in cash. The Original Transactions constituted a major transaction of the Company under Chapter 14 of the Listing Rules and written Shareholders' approval for the Original Transactions had been obtained.

Under the terms of the Original Launch Contract, the Launch was originally scheduled to take place between 1 July 2008 and 31 December 2008. AsiaSat has to make several reassessments of the Launch schedule due to delays on the part of Sea Launch. Recently, Sea Launch has informed AsiaSat that the Launch vehicle will not be ready until the middle of 2010. As AsiaSat 2 will reach the end of its fuel life in early 2011, such and any further delay in the Launch will cause serious problems to the replacement of AsiaSat 2. In an effort to secure the Launch, AsiaSat then searched for alternative Launch options.

The Directors reviewed a proposal from ILS, one of the original bidders of the Launch in which ILS offered to provide the Launch at a cash consideration of US$80 million (approximately HK$624 million) using a Proton vehicle during a launch slot between 15 July 2009 and 15 August 2009. As this coincides with the latest delivery schedule of AsiaSat 5, the Directors believe that this offer made by ILS is the most viable solution to the delays of Sea Launch's service. Having regard to the general escalation in prices of satellite launch services and fee quotes offered by other bidders for the Launch, the Directors also believe that the terms of the Launch Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As a result of the replacement of the launch contractor for the commissioning of AsiaSat 5, the total commission cost, taking into account the new consideration under the Launch Contract of US$80 million (approximately HK$624 million) less the consideration of the Original Launch Contract of US$45 million (approximately HK$351 million), is estimated to be approximately US$215 million (approximately HK$1,677 million).

The Directors are still considering the position of the Company under the Original Launch Contract in the light of Sea Launch's delay in its services thereunder, including all rights of claim of AsiaSat and possible reallocation of the launch service thereunder for future launch of satellites by the Group. The Company will make further disclosure in an announcement in this regard if and when appropriate.

INFORMATION ON THE GROUP

The Group is engaged in the provision of satellite communication channel capacity and satellite services to broadcasting and telecommunications markets and broadband access services.

INFORMATION ON ILS

To the extent of the Company's knowledge, ILS is engaged in the provision of communication satellites launch services.

FUTURE PROSPECT

As stated in the annual report of the Company ended 31 December 2008, the Company has reported a creditable result for the year ended 31 December 2008 with an increase of 11% overall utilisation of satellite transponder capacity compared to that of 2007. Despite the challenging business environment in the current financial year, the Company believes that the new AsiaSat 5 with enhanced functionalities and coverage replacing the retiring satellite will further strengthen the Group's competitive advantage in terms of its financial and trading prospects. As a market leader in Asia, the Group remains totally committed to providing the best satellite services to its customers and continuing to seek growth opportunities.

FINANCIAL EFFECTS OF TRANSACTION

The commissioning of AsiaSat 5, as disclosed in Appendix II to this Circular, has little impact on the financial position of the Group if the transactions took place and completed on 31 December 2008, being the balance sheet date of the latest audited consolidated financial statements of the Group. The only changes to the financial position would be a decrease in total assets of approximately US$375,000 (approximately HK$2,925,000), resulting from an increase in property, plant and equipment of approximately US$135,563,205 (approximately HK$1,057,393,000) and a decrease in cash and cash equivalents of US$135,938,205 (approximately HK$1,060,318,000); and a corresponding decrease in total liabilities of approximately US$375,000 (approximately HK$2,925,000) resulting from a decrease in construction payables of the same amount. These changes are not expected to have any net financial impact on the net asset value of the Group as set out in the unaudited pro forma statement of assets and liabilities of the Group in Appendix II to this Circular.

According to the schedules of the Construction Agreements and the Launch Contract, AsiaSat 5 will not be launched until the third quarter of 2009. Thus, the Launch Contract for the commissioning of AsiaSat 5 will have little impact on the future earnings of the Group in the near term as AsiaSat 5 will not be in service until early 2010 the earliest.

LISTING RULES IMPLICATIONS

The Original Transactions as disclosed in the Previous Circular constituted a major transaction of the Company under Chapter 14 of the Listing Rules and written Shareholders' approval for the Original Transactions had been obtained.

As a result of the replacement of the launch contractor for the commissioning of AsiaSat 5, the total commission cost, taking into account the new consideration under the Launch Contract of US$80 million (approximately HK$624 million) less the consideration of the Original Launch Contract of US$45 million (approximately HK$351 million), is estimated to be approximately US$215 million (approximately HK$1,677 million).

For the purpose of calculating the applicable size test to the Launch Contract under the Listing Rules, the Launch Contract will be aggregated with the Original Transactions. Since certain applicable percentage ratios as a result of this aggregation exceed 25% but are less than 100%, the entering into of the Launch Contract and the transactions contemplated thereunder constitutes a major transaction of the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company believes that it is in the best interest of the Shareholders to include the most recent financial information of the Company in this Circular. As a result, the Company has applied for an extension, which has been granted by the Stock Exchange, to despatch this Circular on 20 April 2009, the same date that the annual report for the year ended 31 December 2008 of the Company will be despatched to its Shareholders.

SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the transaction. As such, the Launch Contract and the transactions contemplated thereunder were approved by written shareholders' approval in accordance with Rule 14.44 of the Listing Rules. No Shareholders' meeting will be convened to consider the Launch Contract because the Company's controlling shareholder, Bowenvale Limited, which owns 291,174,695 ordinary shares representing approximately 74.43% of the issued share capital of the Company as at the date of this Circular, has granted its written approval to the Company on 20 February 2009 for the entering into of the Launch Contract and the transactions contemplated thereunder as required under the Listing Rules.

GENERAL INFORMATION

Your attention is also drawn to the general information of the Company set out in the appendices to this Circular.

Yours faithfully
For and on behalf of the Board
MI Zeng Xin
Chairman

1. SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2008

The following is a summary of the audited consolidated financial information of the Group for each of the three years ended 31 December 2006, 2007 and 2008 as extracted from the respective audited annual consolidated financial statements of the Group.

RESULTS

	Year ended 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Sales	1,031,697	939,273	929,902
Profit before income tax	520,567	556,868	508,927
Income tax expense	(36,609)	(53,953)	(55,522)
Profit for the year	483,958	502,915	453,405
Attributable to:			
– equity holders of the Company	484,887	503,397	454,009
– minority interests	(929)	(482)	(604)
	483,958	502,915	453,405

CONSOLIDATED ASSETS, LIABILITIES AND MINORITY INTERESTS

	As at 31 December		
	2008	**2007**	**2006**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	5,778,013	5,540,005	5,091,212
Total liabilities	(646,270)	(733,017)	(664,675)
	5,131,743	4,806,988	4,426,537
Minority interests	(3,212)	(4,141)	(4,933)
Equity attributable to equity holders of the Company	5,128,531	4,802,847	4,421,604

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

The following audited consolidated financial statements of the Group are extracted from the Company's annual report for the year ended 31 December 2008.

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2008	**2007**
	Note	*HK$'000*	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	*7*	2,681,287	2,677,951
Leasehold land and land use rights	*6*	22,449	23,032
Intangible assets	*8*	39,921	40,082
Unbilled receivable		146,694	156,135
Amount paid to tax authority	*11*	204,810	167,291
Total non-current assets		3,095,161	3,064,491
Current assets			
Inventories	*13*	2,767	3,650
Trade and other receivables	*12*	234,614	183,431
Cash and cash equivalents	*14*	2,445,471	2,288,433
Total current assets		2,682,852	2,475,514
Total assets		5,778,013	5,540,005

	Note	As at 31 December 2008 HK$'000	2007 HK$'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares	*15*	39,120	39,120
Reserves			
– Retained earnings		4,955,659	4,623,187
– Proposed final dividend	*28*	121,271	121,271
– Other reserves	*16*	12,481	19,269
		5,128,531	4,802,847
Minority interests		3,212	4,141
Total equity		5,131,743	4,806,988
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	*19*	172,631	189,048
Deferred revenue	*17*	102,179	118,211
Obligations under finance leases	*18*	17	104
Other payables		1,910	–
Total non-current liabilities		276,737	307,363
Current liabilities			
Construction payables		9,634	70,238
Other payables and accrued expenses		119,452	112,115
Deferred revenue	*17*	149,601	153,417
Obligations under finance leases	*18*	87	101
Current income tax liabilities		90,638	89,662
Dividend payable		121	121
Total current liabilities		369,533	425,654
Total liabilities		646,270	733,017
Total equity and liabilities		5,778,013	5,540,005
Net current assets		2,313,319	2,049,860
Total assets less current liabilities		5,408,480	5,114,351

The accompany footnotes are an integral part of these consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2008	**2007**
	Note	*HK$'000*	*HK$'000*
Sales	*5*	1,031,697	939,273
Cost of services	*21*	(420,919)	(403,067)
Gross profit		610,778	536,206
Other gains – net	*20*	68,076	109,456
Administrative expenses	*21*	(158,173)	(77,671)
Operating profit		520,681	567,991
Finance costs	*23*	(114)	(45)
Share of losses of associates		–	(11,078)
Profit before income tax		520,567	556,868
Income tax expense	*24*	(36,609)	(53,953)
Profit for the year		483,958	502,915
Attributable to:			
– equity holders of the Company		484,887	503,397
– minority interests		(929)	(482)
		483,958	502,915
Earnings per share for profit attributable to the equity holders of the Company during the year *(expressed in HK$ per share)*			
– basic	*27*	1.24	1.29
– diluted	*27*	1.24	1.29
Dividends	*28*	152,566	152,566

The accompany footnotes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Attributable to equity holders of the Company							
	Note	Share capital HK$'000	Share premium HK$'000	Shares held under Share Award Scheme HK$'000	Share-based payment reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
Balance at 1 January 2007		39,027	4,614	–	–	4,377,963	4,421,604	4,933	4,426,537
Profit for the year		–	–	–	–	503,397	503,397	(482)	502,915
Acquisition of a subsidiary		–	–	–	–	–	–	3,000	3,000
Acquisition of additional interest in a subsidiary		–	–	–	–	–	–	(3,310)	(3,310)
Proceeds from shares issued: – Employees share option scheme		93	13,252	–	–	–	13,345	–	13,345
Shares held under Share Award Scheme		–	–	(686)	–	–	(686)	–	(686)
Share-based payment		–	–	–	2,089	–	2,089	–	2,089
Final dividend relating to 2006		–	–	–	–	(105,607)	(105,607)	–	(105,607)
Interim dividend relating to 2007	*28*	–	–	–	–	(31,295)	(31,295)	–	(31,295)
		93	13,252	(686)	2,089	366,495	381,243	(792)	380,451
Balance at 31 December 2007		39,120	17,866	(686)	2,089	4,744,458	4,802,847	4,141	4,806,988
Balance at 1 January 2008 as per above		39,120	17,866	(686)	2,089	4,744,458	4,802,847	4,141	4,806,988
Profit for the year		–	–	–	–	484,887	484,887	(929)	483,958
Shares held under Share Award Scheme		–	–	(10,606)	–	–	(10,606)	–	(10,606)
Share-based payment		–	–	–	3,818	–	3,818	–	3,818
Shares vested under Share Award Scheme		–	–	1,852	(1,852)	–	–	–	–
Final dividend relating to 2007	*28*	–	–	–	–	(121,271)	(121,271)	–	(121,271)
Interim dividend relating to 2008	*28*	–	–	–	–	(31,295)	(31,295)	–	(31,295)
Dividend for share held by Share Award Trust		–	–	–	–	151	151	–	151
		–	–	(8,754)	1,966	332,472	325,684	(929)	324,755
Balance at 31 December 2008		39,120	17,866	(9,440)	4,055	5,076,930	5,128,531	3,212	5,131,743

The accompany footnotes are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

		Year ended 31 December	
		2008	2007
	Note	*HK$'000*	*HK$'000*
Cash flows from operating activities:			
Cash flows from the operations	*29*	657,911	681,555
– Hong Kong profits tax paid		(46,159)	(33,267)
– Overseas tax paid		(5,846)	(10,849)
Cash flows from operating activities – net		605,906	637,439
Cash flows used in investing activities:			
– Purchase of property, plant and equipment		(366,454)	(261,286)
– Purchase of intangible assets		–	(291)
– Acquisition of a subsidiary, net of cash acquired		–	(43,490)
– Interest received		80,550	100,672
– Proceeds from disposal of property, plant and equipment		209	215
Cash flows used in investing activities – net		(285,695)	(204,180)
Cash flows used in financing activities:			
– Proceeds from issue of shares under employees share option scheme		–	13,345
– Purchases of shares under Share Award Scheme		(10,606)	(686)
– Repayment of obligations under finance leases		(101)	(34)
– Interest paid		(51)	(6)
– Dividends paid	*28*	(152,415)	(136,902)
Cash flows used in financing activities – net		(163,173)	(124,283)
Net increase in cash and cash equivalents		157,038	308,976
Cash and cash equivalents at beginning of the year		2,288,433	1,979,457
Cash and cash equivalents at end of the year, representing bank balances and cash	*14*	2,445,471	2,288,433

The accompany footnotes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. General information

Asia Satellite Telecommunications Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are engaged in the provision of transponder capacity and broadband access services.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda (as amended). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

On 28 January 2008, the Company terminated its American Depositary Receipts ("ADRs") program and delisted from the New York Stock Exchange. The Bank of New York ("BoNY"), as depositary of the ADR program, ceased to issue new American Depositary Shares ("ADSs"). The deposit agreement between BoNY and the Company also terminated on 28 February 2008. As a result, all ADR holders who wished to retain an interest in the Company's shares had surrendered their ADSs and received the Company's shares, which are traded on The Stock Exchange of Hong Kong Limited, by 28 May 2008. On 29 May 2008, BoNY started to sell the shares underlying any remaining ADRs and returned the net proceeds of sales to the remaining ADR holders.

The Company continues to maintain its listing on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements have been approved for issue by the Board of Directors on 19 March 2009 and signed on its behalf by Mr. JU Wei Min (Director) and Mr. Peter JACKSON (Director).

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 4.

New standards and amendments to published standards

The following are the new standards, amendments and interpretations from the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for financial year ended 31 December 2008:

- HKAS 39, "Financial instruments: Recognition and measurement" and the related amendment to HKFRS 7, "Financial instruments: Disclosures" are effective prospectively from 1 July 2008. These amendments do not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

- HK(IFRIC) – Int 11 – "HKFRS 2 – Group and Treasury Share Transactions" provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone financial statements of the parent and group companies. This interpretation is effective for annual periods beginning on or after 1 March 2007 and has been adopted by the Group.

- HK(IFRIC) – Int 12 – "Service Concession Arrangements" is effective for annual periods beginning on or after 1 January 2008. This interpretation is not relevant to the Group.

- HK(IFRIC) – Int 14 – HKAS 19 – "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" is effective for annual periods beginning on or after 1 January 2008. This interpretation is not relevant to the Group.

The following new standards, amendments and interpretations have been issued as of 31 October 2008 or later periods but are not yet effective for HKFRS financial statements for the year ended 31 December 2008:

	Application date
• HKAS 1 (Revised) – Presentation of Financial Statements	1 January 2009
• HKAS 23 (Revised) – Borrowing Costs	1 January 2009
• HKAS 27 (Revised) – Consolidated and Separate Financial Statements	1 July 2009
• HKAS 32 (Amendment) and HKAS 1 (Amendment) – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
• HKAS 39 (Amendment) – Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009
• Amendments to HKFRS 1 – First-time adoption of HKFRS and HKAS 27 – Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2009
• HKFRS 2 (Amendment) – Share-based Payment Vesting Conditions and Cancellations	1 January 2009
• HKFRS 3 (Revised) – Business Combination	1 July 2009
• HKFRS 8 – Operating Segments	1 January 2009
• HK(IFRIC) – Int 13 – Customer Loyalty Programmes	1 July 2008

	Application date
• HK(IFRIC) – Int 15 – Agreements for the Construction of Real Estate	1 January 2009
• HK(IFRIC) – Int 16 – Hedges of a Net Investment in a Foreign Operation	1 October 2008
• HK(IFRIC) – Int 17 – Distributions of Non-cash Assets to Owners	1 July 2009
• HK(IFRIC) – Int 18 – Transfers of Assets from Customers	1 July 2009
• Improvement to HKFRSs – Amendments to:	
> HKAS 1 (Revised) – Presentation of Financial Statement	1 January 2009
> HKAS 2 – Inventories	1 January 2009
> HKAS 7 – Cash Flow Statements	1 January 2009
> HKAS 16 – Property, Plant and Equipment	1 January 2009
> HKAS 19 – Employee Benefits	1 January 2009
> HKAS 20 – Accounting for Government Grants and Disclosure of Government Assistance	1 January 2009
> HKAS 23 (Revised) – Borrowing Costs	1 January 2009
> HKAS 27 – Consolidated and Separate Financial Statements	1 January 2009
> HKAS 28 – Investments in Associates	1 January 2009

		Application date
>	HKAS 29 – Financial Reporting in Hyperinflationary Economies	1 January 2009
>	HKAS 31 – Interests in Joint Ventures	1 January 2009
>	HKAS 36 – Impairment of Assets	1 January 2009
>	HKAS 38 – Intangible Assets	1 January 2009
>	HKAS 39 – Financial Instruments: Recognition and Measurement	1 January 2009
>	HKAS 40 – Investment Property	1 January 2009
>	HKAS 41 – Agriculture	1 January 2009
>	HKFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
>	Other minor amendments to HKFRS 7 – Financial Instruments: Disclosures, HKAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, HKAS 10 – Events After the Balance Sheet Date, HKAS 18 – Revenue and HKAS 34 – Interim Financial Reporting.	1 January 2009

The Group is in the process of assessing the impact of these standards or interpretations and does not expect there will be material impact on the consolidated financial statements of the Group.

2.2 Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries up to 31 December.

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group‘s share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company’s balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividends received and receivable.

2.3 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments. The Group does not have any unallocated corporate expenditure to be charged to the business segments.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong Dollars, which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

2.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Buildings in the course of development for production, rental or administrative purposes or for purposes not yet determined, are carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Satellite under construction includes the manufacturing costs, launch costs and any other relevant direct costs when billed or incurred. When the satellite is subsequently put into service, the expenditure is transferred to satellite in operation and depreciation will commence.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial year in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values over their estimated useful lives, at the following rates per annum:

Satellites:	
– AsiaSat 2	8%
– AsiaSat 3S	6.25%
– AsiaSat 4	6.67%
Buildings	4%
Tracking facilities	10%-20%
Furniture, fixtures and fittings	20%-33%
Office equipment	25%-33%
Motor vehicles	25%
Teleport and Hub Equipment	10%-50%
Plant and machinery	20%

Assets under finance leases are depreciated over the shorter of their expected useful lives or the term of the leases.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

2.6 Intangible assets – Licences

Licences are carried at historical cost. Licences that have finite useful lives are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the licence over its estimated useful life of approximately 10 years. Licences that do not have a finite useful life are tested annually for impairment.

2.7 Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation, are tested at least annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Goodwill

Goodwill represents the excess of the cost of an investment over the fair value of the Group's share of the net identifiable assets of the acquired subsidiaries and associates at the date of investment.

Goodwill on acquisitions of subsidiaries is included in the intangible assets. Goodwill on investment of associates is included in interests in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment loss on goodwill will not reverse. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method and comprises all costs of purchase and other costs incurred in bringing the inventories to their present locations and conditions. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade and other receivables

Trade and other receivables are recognised initially at fair value less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is recognised in the income statement within administrative expenses.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised directly in equity. In this case, the tax is also recognised in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.15 Employee benefits

(a) Pension obligations

The Group participates in defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The pension plans are generally funded by payments from employees and by the relevant Group companies. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Share-based compensation

The Group operates two types of equity-settled, share-based compensation plans, namely a share option scheme and a share award scheme.

The Group grants share options to employees (including directors) to acquire shares of the Company at specific exercise prices under the share option scheme. The fair value of the employee services received in exchange for the grant of the options under the share option scheme is recognised as an expense, with a corresponding increase in share-based payment reserve. The total amount to be expensed on the straight-line basis over the vesting period is determined by reference to the fair value of the options granted on the grant date, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. As at 31 December 2008, there are no options outstanding.

The Group grants shares of the Company to employees under the share award scheme. The awarded shares are purchased from the open market and the cost of shares purchased is recognised in equity as treasury stock, as shares held under share award scheme. The fair value of the employee services received in exchange for the grant of the awarded shares under the share award scheme is recognised as an expense, with a corresponding increase in share-based payment reserve; the total amount expensed is determined on a straight-line basis over the vesting period by reference to the fair value of the awarded shares on the grant date.

At each balance sheet date, the Group revises its estimates of the number of share options and awarded shares that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to share-based payment reserve over the remaining vesting period.

(c) Performance-based bonus

The expected costs of performance-based bonuses are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for performance-based bonuses are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.16 Provisions

Provisions for environmental restoration, asset retirement obligations, restructuring costs and legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions for future operating losses are not recognised.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2.17 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.18 Revenue recognition

Revenue from transponder utilisation is recognised on a straight-line basis over the period of the agreements. The excess of revenue recognised on a straight-line basis over the amount received and receivable from customers in accordance with the contract terms is shown as unbilled receivable.

Revenue from the sale of transponder capacity under transponder purchase agreements is recognised on a straight-line basis from the date of delivery of the transponder capacity until the end of the estimated useful life of the satellite.

Broadband access revenue is recognised when the broadband access services are rendered.

Sale of broadband services equipment is recognised upon the transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and title is passed.

Deposits received in advance in connection with the provision of transponder capacity are deferred and included in other payables.

Services under transponder utilisation agreements are generally billed quarterly in advance. Such amounts received in advance and amounts received from the sale of transponder capacity under transponder purchase agreements in excess of amounts recognised as revenue are recorded as deferred revenue. Deferred revenue which will be recognised in the following year is classified under current liabilities and amounts which will be recognised after one year are classified as non-current.

Interest income is accrued on a time basis, by reference to the principal amounts outstanding and at the interest rate applicable.

2.19 Leases (as the lessee)

(a) Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

(b) Finance lease

Leases are classified as finance leases whenever the terms of the leases transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised as assets of the Group at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as finance lease obligation. Finance charges, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

2.20 Dividend distribution

Dividend distribution to the Company's equity holders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's equity holders.

3. Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, cash flow interest-rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

During the year, almost all of the Group's revenues, premiums for satellite insurance coverage and substantially all capital expenditure were denominated in United States Dollars. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. At 31 December 2008, almost all the Group's transponder utilisation agreements, transponder purchase agreements, obligations to purchase telemetry, tracking and control equipment were denominated in United States Dollars. Hence, the Group does not have any significant currency exposure and does not need to hedge. The details of sensitivity analysis are set out in note 30(d).

(b) Credit risk

The Group has no significant concentrations of credit risk. The Group maintains provision for impairment of receivables and for estimated losses that result from the inability of its customers to make the required payments. The Group bases its provision on the likelihood of recoverability of account receivables based on past experience and current collection trends that are expected to continue. The Group's evaluation also includes the length of time the receivables are past due and the general business environment. The details of analysis are set out in note 12 and note 30(a).

(c) Cash flow interest-rate risk

The Group has no significant interest-bearing assets or liabilities, however, the Group earns interest income from short-term bank deposits which are affected by the changes in market interest rates. The Group has cash balances placed with reputable banks and financial institutions, which generate interest income for the Group. The Group manages its interest rate risk by placing such balances on various maturities and interest rate terms. The details of sensitivity analysis are set out in note 30(c).

(d) Liquidity risk

The Group manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Group closely monitors its exposure to liquidity risk by reviewing the cash position report on a quarterly basis. The Group also reviews different funding options regularly in case when needs arise. The details of non-derivative financial liabilities of the Group are set out in note 30(b).

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.8. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(b) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Useful lives of in-orbit satellites

The Group's operations are capital intensive and it has significant investments in satellites. The carrying value of the Group's in-orbit satellites (AsiaSat 2, AsiaSat 3S and AsiaSat 4) represented 28% of its total assets as of 31 December 2008 (2007: 35%). The Group estimates the useful lives of satellites in order to determine the amount of depreciation expense to be recorded during the reported period. The useful lives are estimated at the time satellites are put into orbit and are based on historical experience with other satellites as well as the anticipated technological evolution or other environmental changes. If technological changes were to occur more rapidly than anticipated or in a different form than anticipated, the useful lives assigned to these satellites may need to be shortened, resulting in the recognition of increased depreciation in a future period. Similarly, if the actual lives of satellites are longer than the Group has estimated, the Group would have a smaller depreciation expense. As a result, if the Group's estimations of the useful lives of its satellites are not accurate or are required to be changed in the future, the Group's net income in future periods would be affected.

(d) Realisability of the carrying amounts of long-lived assets

The Group is required to evaluate at each balance sheet date whether there is any indication that the carrying amounts of long-lived assets (primarily its satellites) may be impaired. If any such indication exists, the Group should estimate the recoverable amount of the long-lived assets. An impairment loss is recognised for the excess of the carrying amount of such long-lived assets over their recoverable amounts. The value in use is the discounted present value of the cash flows expected to arise from the continuing use of long-lived assets and cash arising from its disposal at the end of its useful life. The estimates of the cash flows are based on the terms and period of existing transponder utilisation agreements ("Existing Agreements").

Modifications to the terms of the Existing Agreements that result in shorter utilisation periods than previously agreed and/or those that result in the reduction in agreed rates will result in a lower recoverable amount (if the discount rate used is not changed); which may, in turn, result in a situation wherein the recoverable amounts are less than the carrying amounts (therefore, an impairment loss would need to be recognised).

(e) Provision for impairment of receivables

The issue is covered under credit risk in note 3.1 (b) above.

(f) Indian tax

The issue of Indian tax is covered under Contingencies in note 31.

5. Sales and segment information

(a) Sales

The Group's sales are analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Income from provision of satellite transponder capacity		
– recurring	878,031	859,542
– non-recurring	4,935	11,700
Sales of satellite transponder capacity	24,491	24,491
Income from provision of broadband access services and sale of equipment	118,494	38,225
Other revenue	5,746	5,315
	1,031,697	939,273

(b) Segment information

(i) Business segments

In the year ended 31 December 2007, the Group acquired a subsidiary which is primarily engaged in the provision of broadband access services. Accordingly, the Group changed the primary reporting segments and selected business segments as the primary report format under HKAS 14 "Segment Reporting" to align with its internal reporting structure.

The Group has created the following two business segments:

- the operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunication; and
- provision of broadband access services.

The segment results for the years ended 31 December are as follows:

	2008 Provision of satellite telecommunication systems for broadcasting and telecommunication *HK$'000*	2008 Broadband access services *HK$'000*	2008 Inter-segment elimination *HK$'000*	2008 Consolidated *HK$'000*
Sales from external customers	907,457	118,494	–	1,025,951
Inter-segment sales	43,855	–	(43,855)	–
Other revenue	6,771	–	(1,025)	5,746
Total	958,083	118,494	(44,880)	1,031,697
Segment results	519,896	785	–	520,681
Finance costs	(64)	(50)	–	(114)
Profit before income tax	519,832	735	–	520,567
Income tax expenses	(36,609)	–	–	(36,609)
Profit for the year	483,223	735	–	483,958
Attributable to:				
– equity holders of the Company	484,152	735	–	484,887
– minority interests	(929)	–	–	(929)
	483,223	735	–	483,958
Assets	5,732,300	45,713	–	5,778,013
Liabilities	615,744	30,526	–	646,270
Capital expenditure	298,599	9,092	–	307,691
Depreciation and amortisation	297,186	7,244	–	304,430

	2007 Provision of satellite telecommunication systems for broadcasting and telecommunication *HK$'000*	2007 Broadband access services *HK$'000*	2007 Inter-segment elimination *HK$'000*	2007 Consolidated *HK$'000*
Sales from external customers	895,733	38,225	–	933,958
Inter-segment sales	16,388	–	(16,388)	–
Other revenue	5,315	–	–	5,315
Total	917,436	38,225	(16,388)	939,273
Segment results	564,301	3,690	–	567,991
Finance costs	(89)	44	–	(45)
Share of losses of associates	(11,078)	–	–	(11,078)
Profit before income tax	553,134	3,734	–	556,868
Income tax expenses	(53,953)	–	–	(53,953)
Profit for the year	499,181	3,734	–	502,915
Attributable to:				
– equity holders of the Company	499,974	3,423	–	503,397
– minority interests	(793)	311	–	(482)
	499,181	3,734	–	502,915
Assets	5,494,124	45,881	–	5,540,005
Liabilities	701,588	31,429	–	733,017
Capital expenditure	326,716	3,070	–	329,786
Depreciation and amortisation	297,174	2,039	–	299,213

(ii) Geographical segments

For the purpose of classification, the country where the customer is incorporated is deemed to be the source of sales. However, the Group's operating assets consist primarily of its satellites which are used, or are intended for use, for transmission to multiple geographical areas and therefore cannot be allocated between geographical segments. Accordingly, no geographical analysis of expenses, assets and liabilities has been presented.

	2008	**2007**
	HK$'000	*HK$'000*
Hong Kong	257,994	323,299
Greater China	143,276	173,940
United States of America	69,450	66,523
United Kingdom	46,801	50,488
Australia	73,330	48,182
Others	440,846	276,841
Total	1,031,697	939,273

6. Leasehold land and land use rights – Group

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
In Hong Kong held on:		
Leases of between 10 to 50 years	22,449	23,032
Total	22,449	23,032

	2008	2007
	HK$'000	*HK$'000*
Opening balance	23,032	23,616
Amortisation of prepaid operating lease payment *(note 29)*	(583)	(584)
Closing balance	22,449	23,032

7. Property, plant and equipment – Group

	Satellites and tracking facilities								
	In operation	**Under construction**	**Buildings**	**Furniture, fixtures and fittings**	**Office equipment**	**Motor vehicles**	**Teleport and hub equipment**	**Plant and equipment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007									
Cost	4,259,836	297,404	118,617	12,879	9,198	4,806	–	2,372	4,705,112
Accumulated depreciation	(2,039,988)	–	(14,568)	(7,741)	(7,270)	(2,658)	–	(2,040)	(2,074,265)
Net book amount	2,219,848	297,404	104,049	5,138	1,928	2,148	–	332	2,630,847
Year ended 31 December 2007									
Opening net book amount	2,219,848	297,404	104,049	5,138	1,928	2,148	–	332	2,630,847
Acquisition of a subsidiary	–	–	–	330	304	210	15,528	–	16,372
Additions	1,570	323,825	8	115	248	976	3,035	9	329,786
Disposals *(note 29)*	–	–	–	–	–	–	–	(2)	(2)
Depreciation	(286,581)	–	(4,745)	(3,057)	(1,139)	(1,168)	(2,191)	(171)	(299,052)
Closing net book amount	1,934,837	621,229	99,312	2,526	1,341	2,166	16,372	168	2,677,951
At 31 December 2007									
Cost	4,261,407	621,229	118,624	13,324	9,750	5,992	18,563	2,375	5,051,264
Accumulated depreciation	(2,326,570)	–	(19,312)	(10,798)	(8,409)	(3,826)	(2,191)	(2,207)	(2,373,313)
Net book amount	1,934,837	621,229	99,312	2,526	1,341	2,166	16,372	168	2,677,951
Year ended 31 December 2008									
Opening net book amount	1,934,837	621,229	99,312	2,526	1,341	2,166	16,372	168	2,677,951
Additions	7,932	279,461	1,464	10,551	1,287	490	6,506	–	307,691
Transfer between categories	–	(2,179)	2,179	–	–	–	–	–	–
Disposals *(note 29)*	–	–	–	(19)	(5)	–	(62)	–	(86)
Depreciation	(287,250)	–	(4,778)	(3,646)	(1,140)	(1,042)	(6,255)	(158)	(304,269)
Closing net book amount	1,655,519	898,511	98,177	9,412	1,483	1,614	16,561	10	2,681,287
At 31 December 2008									
Cost	4,269,339	898,511	122,267	17,940	18,103	5,166	44,674	2,372	5,378,372
Accumulated depreciation	(2,613,820)	–	(24,090)	(8,528)	(16,620)	(3,552)	(28,113)	(2,362)	(2,697,085)
Net book amount	1,655,519	898,511	98,177	9,412	1,483	1,614	16,561	10	2,681,287

At 31 December 2008, the carrying amount of the Group's office equipment and motor vehicles held under finance leases were HK$109,000 (2007: HK$211,000).

Depreciation expense of HK$304,269,000 (2007: HK$299,052,000) has been expensed in cost of services.

8. Intangible assets – Group

	Licences	**Goodwill**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 31 December 2007			
Cost	1,889	38,675	40,564
Accumulated amortisation and impairment	(482)	–	(482)
Net book amount	1,407	38,675	40,082
Year ended 31 December 2008			
Opening net book amount	1,407	38,675	40,082
Amortisation expense *(a)* *(note 29)*	(161)	–	(161)
Closing net book amount	1,246	38,675	39,921
At 31 December 2008			
Cost	1,889	38,675	40,564
Accumulated amortisation and impairment	(643)	–	(643)
Net book amount	1,246	38,675	39,921

Notes:

(a) Amortisation expense of HK$161,000 (2007: HK$161,000) is included in the administrative expenses in the consolidated income statement.

Impairment test of goodwill

Goodwill is wholly related to the Group's cash generating unit ("CGU") as provision of broadband access services. In accordance with HKAS 36 "Impairment of Assets", the impairment test for goodwill was carried out by comparing the recoverable amounts to the carrying amounts as at the balance sheet date. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax free cash flow projection based on the financial budget of five years approved by management. The cash flow projection for the remaining years was calculated based on an annual growth rate between 2% to 10% . The discount rate used is 15% (2007: 15%). Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

9. Investments in subsidiaries

(a) Investments in subsidiaries

	Company	
	2008	**2007**
	HK$'000	*HK$'000*
Unlisted shares in subsidiaries, at cost	433,109	431,143
Capital contribution to Share Award Trust *(note c)*	10,148	6,000
	443,257	437,143

The cost of the unlisted shares is based on the book value of the underlying net assets of the subsidiaries attributable to the Group as at the date on which the Company became the ultimate holding company of the Group under the Group reorganisation in 1996.

The amount due from a subsidiary of HK$21,687,000 (2007: HK$20,702,000) has no fixed terms of payment and is unsecured and interest-free.

(b) Particulars of subsidiaries

The following is the list of the principal subsidiaries at 31 December 2008:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Interest held
AsiaSat BVI Limited#	British Virgin Islands, limited liability company	Investment holding in Hong Kong	3,000 ordinary shares of US$1 each	100%
Asia Satellite Telecommunications Company Limited	Hong Kong, limited liability company	Provision of satellite transponder capacity worldwide	30,000 ordinary shares and 20,000 non-voting deferred shares of HK$10 each	100%
Skywave TV Company Limited	Hong Kong, limited liability company	Provision of Direct to Home broadcasting services in Hong Kong and Mainland China	3,000,002 ordinary shares of HK$10 each	80%
Auspicious Colour Limited	Hong Kong, limited liability company	Licence holding	1 ordinary share of HK$1 each	100%
SpeedCast Holdings Limited	Cayman Islands, limited liability company	Investment holding	25,524,026 ordinary shares of US$0.0001 each	100%
SpeedCast Limited	Hong Kong, limited liability company	Provision of broadband access services	10,000,000 ordinary shares of HK$0.01 each	100%

\# *Shares held directly by the Company.*

(c) Controlled special purpose entity

The Company has set up a trust, Asia Satellite Share Award Trust (the "Trust"), for the purpose of administering the Share Award Scheme established by the Company during 2007. In accordance with HK(SIC), Int 12, the Company is required to consolidate the Trust as the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of employees who have been awarded the Awarded Shares through their employment with the Group.

Special purpose entity	Place of incorporation	Principal activities
Asia Satellite Share Award Trust	Jersey, Channel Islands	Administering and holding the Company's shares for the Share Award Scheme for the benefit of eligible employees

As at 31 December 2008, the Group has contributed HK$10,148,000 (2007: HK$6,000,000) to the Trust for the shares not yet vested and the amount was recorded as "Capital Contribution to Shares Award Trust" in the Company's balance sheet.

10. Interests in associates – Group

	2008 *HK$'000*	2007 *HK$'000*
Beginning of the year	–	10,057
Share of associates' losses	–	(11,078)
Additions	–	1,462
Reclassification of an associate to a subsidiary	–	(441)
End of the year	–	–

For the year ended 31 December 2007, the Group made a provision for impairment loss in the interests in an associate of approximately HK$8,500,000 after considering its performance and long-term business outlook. The amount was reflected in the share of associates' losses.

The Group's interest in its principal associates, all of which are unlisted, were as follows:

Name	Particulars of issued shares held	Country of incorporation	Assets	Liabilities	Revenues	Profit/(Loss)	% of interest held
			HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	
2007							
Beijing Asia Sky Telecommunications Technology Company Limited	N/A	China	34,361	28,000	4,540	(5,887)	49
SpeedCast Holdings Limited *(note a & b)*	Ordinary shares of US$0.0001 each	Cayman Islands	N/A	N/A	66,784	(8,557)	47
SpeedCast Limited *(note a)*	Ordinary shares of HK$0.01 each	Hong Kong	N/A	N/A	N/A	N/A	47
			34,361	28,000	71,324	(14,444)	
2008							
Beijing Asia Sky Telecommunications Technology Company Limited *(note c)*	N/A	China	32,468	30,745	1,852	(5,065)	49
			32,468	30,745	1,852	(5,065)	

As SpeedCast Holdings Limited was still an associate up to August 2007, the Group did not recognise losses amounting to HK$4,053,000 as the Group's share of losses exceeded its interest. The accumulated losses not recognised were HK$13,614,000 up to August 2007.

Note:

(a) SpeedCast Limited is a wholly-owned subsidiary of, and is consolidated into, SpeedCast Holdings Limited. Accordingly, assets, liabilities revenues, profit/(loss) are not separately disclosed.

(b) During 2007, the Group acquired the remaining outstanding interests in SpeedCast Holdings Limited which then became a wholly-owned subsidiary. The amount shown in respect of revenue and loss were related to the period that SpeedCast Holdings Limited was an associate.

(c) The interest in Beijing Asia Sky Telecommunications Technology Company Limited has been fully provided for in 2007. The Group did not recognise any loss incurred during 2008. The accumulated losses not recognised were HK$2,698,000 up to 31 December 2008.

11. Amount paid to tax authority – Group

At the balance sheet date, an amount of approximately HK$204,810,000 (2007: HK$167,291,000) had been paid to the Government of India. For details, please refer to note 31.

12. Trade and other receivables – Group

	2008	**2007**
	HK$'000	*HK$'000*
Trade receivables	157,871	106,675
Less: provision for impairment of receivables	(36,265)	(19,115)
Trade receivables – net	121,606	87,560
Receivables from related parties *(note 34)*	29,832	34,693
Other receivables	65,804	37,203
Deposits and prepayments	17,372	23,975
	234,614	183,431

The Group bills its trade customers quarterly in advance in accordance with its agreements. The ageing analysis of trade receivables is stated as follows:

	2008	**2007**
	HK$'000	*HK$'000*
0 to 30 days	43,065	40,555
31 to 60 days	14,472	16,454
61 to 90 days	32,557	12,867
91 to 180 days	39,504	19,892
181 days or above	28,273	16,907
	157,871	106,675

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers that are internationally dispersed.

As of 31 December 2008, trade receivables of HK$36,265,000 (2007: HK$19,115,000) were impaired and fully provided. The impaired receivables mainly relate to customers' failure to make payment for more than six months. The ageing of these receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	63	1,643
31 to 60 days	118	116
61 to 90 days	12,310	1,038
91 to 180 days	8,757	3,196
181 days or above	15,017	13,122
	36,265	19,115

Movements on the provision for impairment of trade receivables are as follows:

	2008	2007
	HK$'000	*HK$'000*
At 1 January	19,115	22,462
Provision for impairment of receivables (from an acquired subsidiary)	–	8,705
Provision for impairment of receivables	30,756	–
Amount written off	(4,366)	(4,339)
Write back of provision for impairment	(9,240)	(7,713)
At 31 December	36,265	19,115

The creation and release of provision for impaired receivables have been included in administrative expenses in the consolidated income statement.

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	43,002	38,912
31 to 60 days	14,354	16,338
61 to 90 days	20,247	11,829
91 to 180 days	30,747	16,696
181 days or above	13,256	3,785
	121,606	87,560

Trade receivables that were past due but not impaired relate to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances as security.

13. Inventories – Group

	2008	2007
	HK$'000	*HK$'000*
Merchandise	2,767	3,650

The cost of inventories recognised as expense and included in cost of services amounted to HK$9,585,000 (2007: HK$1,717,000).

14. Cash and cash equivalents – Group

	2008	2007
	HK$'000	*HK$'000*
Cash at bank and in hand	35,021	24,902
Short-term bank deposits	2,410,450	2,263,531
	2,445,471	2,288,433

The effective interest rate on short-term bank deposits was 3.3% (2007: 5.2%); these deposits have an average maturity of 28 days (2007: 46 days).

Cash includes the following for the purposes of the cash flow statement:

	2008	2007
	HK$'000	*HK$'000*
Cash and cash equivalents	2,445,471	2,288,433

15. Share capital

	2008		2007	
	Number of shares ('000)	*HK$'000*	*Number of shares ('000)*	*HK$'000*
Authorised:				
Ordinary shares at HK$0.1 each	550,000	55,000	550,000	55,000
Issued and fully paid:				
At 1 January	391,196	39,120	390,266	39,027
Proceeds from shares issued:				
– Employees share option scheme	–	–	930	93
At 31 December	391,196	39,120	391,196	39,120

(a) Share option scheme

Scheme adopted on 25 January 2002

A share option scheme (the "2002 Scheme") was adopted pursuant to a resolution passed on 25 January 2002 for the primary purpose of attracting and retaining the best personnel for the development of the Company's businesses, and providing incentives to employees, Directors, consultants, agents, representatives and advisors, and promoting the long-term financial success of the Company. The 2002 Scheme will expire on 24 January 2012.

Under the 2002 Scheme, the Board of Directors of the Company may at their discretion grant options to the employees, including Directors, of the Company or any company that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company, to subscribe for shares in the Company. Options granted to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the Independent Non-executive Directors of the Company (excluding any Independent Non-executive Director who is also the grantee).

No options have been granted during 2003 and onwards. At 31 December 2002, the number of shares in respect of which options had been granted under the 2002 Scheme was 7,149,500 representing 1.83% of the shares of the Company in issue at that date. Total consideration received in 2002 from employees for taking up the options granted amounted to HK$105.

The total number of shares in respect of which options may be granted under the 2002 Scheme and any other schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time. In addition, the total number of shares in respect of which options may be granted under the 2002 Scheme and any other schemes must not, in aggregate, exceed 10% of the issued share capital of the Company at the adoption date of the 2002 Scheme, being 39,026,550 shares, without prior approval from the Company's shareholders.

The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to a substantial shareholder, or an Independent Non-executive Director of the Company, or any of their respective associates under the 2002 Scheme and any other schemes in any one year in excess of 0.1% of the Company's issued share capital or with a value in excess of HK$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 28 days from the date of grant upon payment of HK$1 per each grant of share options. The exercise period of the share options granted under the 2002 Scheme shall be determined by the Board of Directors when such options are granted, provided that such period shall not end later than 10 years from the date of grant. The exercise price is determined by the Board of Directors and will not be less than the higher of the closing price of the Company's shares on the date of grant, or the average closing price of the shares for the five trading days immediately preceding the date of grant, or the nominal value of a share of the Company.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statement in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value is recorded by the Company in the share premium account. Options which are lapsed or are cancelled prior to their exercise dates are deleted from the register of outstanding options.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Option B:

	2008		2007	
	Average exercise price in HK$ per share	Options	Average exercise price in HK$ per share	Options
At 1 January	N/A	–	17.48	1,630,000
Lapsed/Cancelled	N/A	–	17.48	(1,630,000)
At 31 December	N/A	–	17.48	–

Option C:

	2008		2007	
	Average exercise price in HK$ per share	Options	Average exercise price in HK$ per share	Options
At 1 January	N/A	–	14.35	3,211,500
Exercised	N/A	–	14.35	(930,000)
Lapsed/Cancelled	N/A	–	14.35	(2,281,500)
At 31 December	N/A	–	14.35	–

The total number of outstanding share options was nil at 31 December 2008 (2007: nil).

All the unexercised share options were cancelled following the completion of Mandatory General Offers on 26 June 2007 as described in note 15(c).

(b) Share Award Scheme

Scheme adopted on 22 August 2007

On 22 August 2007, the Board approved the establishment of a Share Award Scheme ("Scheme") with the objective to enhance the competitiveness of the Group in attracting and retaining the best senior staff for the development of the Group's business. Under the Scheme, award shares of the Company ("Award Shares") will be granted to eligible employees of the Company or any one of its subsidiaries.

Pursuant to the rules of the Scheme, the Company has set up a Trust for the purpose of administering the Scheme and holding the Award Shares before they vest. The Company pays cash to the Trustee from time to time for the purchase of Award Shares.

Subject to the rules of the Scheme, the Board shall determine from time to time the dates on which the Award Shares for each grant are to vest to the relevant eligible employees, and initially the Board determines that the Award Shares shall generally vest over a five year period in tranches of 25% each on every anniversary date of the grant date starting from the second anniversary date until the fifth anniversary date.

During the year, a total of 606,730 shares (2007: 821,584 shares) have been awarded to executive directors and employees at no consideration. The Trustee has acquired 775,500 shares (2007: 46,000 shares) at a total cost of HK$10,606,000 (2007: HK$686,000) during the year. A total of 130,780 shares (2007: Nil) at a cost of HK$1,852,000 (2007: Nil) were vested during the year.

The number of shares awarded and vested to the executive directors was 167,673 shares (2007: 188,756 shares) and 24,268 shares (2007: Nil) respectively for the year ended 31 December 2008.

Movement in the number of Award Shares and their related average fair value were as follows:

	2008		2007	
	Average fair value per share	Number of Award Shares	Average fair value per share	Number of Award Shares
At 1 January		821,584		–
Awarded	11.00	606,730	15.00	821,584
Forfeited	14.57	(139,433)		–
Vested	14.16	(130,780)		–
At 31 December		1,158,101		821,584

The remaining vesting periods of the Award Shares outstanding as at 31 December 2008 are between 0.5 year to 4.5 years.

(c) Major Shareholders

On 13 February 2007, AsiaCo Acquisition Limited ("AsiaCo") put forward a share offer to privatise the Company by way of a scheme of arrangement under Section 99 of the Companies Act, and an option offer to purchase the outstanding share options in the Company. It was proposed that upon completion of the scheme, the Company would become wholly-owned by AsiaCo Acquisition Limited and Bowenvale Limited ("Bowenvale") and indirectly owned by CITIC Group ("CITIC") and General Electric Capital Corporation ("GECC").

On 29 March 2007, General Electric Company ("GE") became a major indirect shareholder in the Company holding approximately 34.03% of the issued share capital of the Company subsequent to a transfer of shares between GE and SES S.A., a shareholder of Bowenvale ("Exchange Transaction").

On 23 April 2007, the U.S. Department of State did not grant the approval necessary to implement the proposed privatisation of the Company. The proceeding of privatisation without obtaining the authorisation from the U.S. Department of State would result in the Company being deemed to be in breach of important U.S. Department of State approvals previously granted to the Company in relation to its business. CITIC and GECC have therefore decided to discontinue the scheme.

The completion of the Exchange Transaction on 29 March 2007 resulted in the formation of a new concert group thereby triggering an obligation to launch unconditional Mandatory General Offers ("MGOs"). The MGO for all shares and ADSs and outstanding options of the Company was launched on 25 May 2007.

On 26 June 2007, the MGO was concluded with 930,000 share options exercised and 3,911,500 share options cancelled. All the share options issued under the share option scheme adopted on 25 January 2002 were exercised, cancelled or lapsed following the completion of MGO. Accordingly, there were no more outstanding share option balances on 31 December 2007.

16. Other reserves – Group

	Share premium	**Share-based payment reserve**	**Shares held under Share Award Scheme**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2007	4,614	–	–	4,614
Proceeds from share issues:				
– Employees share option scheme	13,252	–	–	13,252
Share-based payment	–	2,089	–	2,089
Purchase of shares under Share Award Scheme	–	–	(686)	(686)
At 31 December 2007	17,866	2,089	(686)	19,269
At 1 January 2008	17,866	2,089	(686)	19,269
Share-based payment	–	3,818	–	3,818
Purchase of shares under Share Award Scheme	–	–	(10,606)	(10,606)
Shares vested under Share Award Scheme	–	(1,852)	1,852	–
At 31 December 2008	17,866	4,055	(9,440)	12,481

17. Deferred revenue – Group

	2008	2007
	HK$'000	*HK$'000*
The maturity of deferred revenue is as follows:		
Within one year	149,601	153,417
More than one year but not exceeding five years	102,179	118,211
	251,780	271,628

18. Obligations under finance leases – Group

At 31 December 2008, the Group has obligations under finance leases repayable as follows:

	Minimum lease payment		Present value of minimum lease payments	
	2008	2007	2008	2007
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	100	117	87	101
In the second to fifth years inclusive	19	119	17	104
	119	236	104	205
Less: future finance charges	(15)	(31)	–	–
Present value of lease obligations	104	205	104	205

Finance lease obligations are denominated in Hong Kong Dollars.

19. Deferred income tax – Group

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Deferred tax assets	–	–
Deferred tax liabilities:		
– Deferred tax liabilities to be recovered after more than 12 months	172,631	189,048
	172,631	189,048

The gross movement on the deferred income tax account is as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Beginning of the year	189,048	191,739
Recognised in the consolidated income statement *(note 24)*	(16,417)	(2,691)
End of the year	172,631	189,048

The movement in deferred tax liabilities during the year was as follows:

Deferred tax liabilities:

	Accelerated tax depreciation	Others	Total
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2007	191,739	–	191,739
(Recognised in)/charged to the income statement	(2,691)	–	(2,691)
At 31 December 2007	189,048	–	189,048
Recognised in the income statement	(16,417)	–	(16,417)
At 31 December 2008	172,631	–	172,631

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$22,848,000 (2007: HK$23,641,000) in respect of losses amounting to HK$138,470,000 (2007: HK$135,093,000), in respect of a subsidiary, that can be carried forward against future taxable income. These losses do not expire under the current tax legislation.

20. Other gains – net

	2008	2007
	HK$'000	*HK$'000*
Interest income	66,278	109,204
Net gain on disposals of property, plant and equipment other than transponders	123	213
Others	1,675	39
	68,076	109,456

21. Expenses by nature

Expenses included in cost of services and administrative expenses are analysed as follows:

	2008	2007
	HK$'000	*HK$'000*
Auditors' remuneration	1,300	1,747
Bad debts written off	608	545
Provision/(Write back) for impairment of receivables	21,516	(7,713)
Depreciation and amortisation *(notes 7 and 8)*	304,430	299,213
Employee benefit expense *(note 22)*	116,797	83,902
Operating leases		
– premises	7,399	5,094
– leasehold land & land use rights	583	584
Net exchange gain *(note 25)*	(2,311)	(3,261)

22. Employee benefit expense

	2008	2007
	HK$'000	*HK$'000*
Salary and other benefits, including directors' remuneration	111,174	78,926
Pension costs – defined contribution plans	5,623	4,976
Total staff costs	116,797	83,902

	2008	2007
Number of employees	154	142

(a) Pensions – defined contribution plans

All forfeited contributions totaling HK$380,000 (2007: HK$118,000) were fully utilised during the year.

There was no outstanding balance of contribution payable to the fund at both 31 December 2008 and 31 December 2007.

(b) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2008 is set out below:

Name of Director	Fees	Salary	Performance related bonuses	Other benefits (a)	Employer's contribution to pension scheme	Share-based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'0000*	*HK$'000*
Ronald J. HERMAN, Jr. *(b), (f) & (g)*	200	–	–	–	–	–	200
Edward CHEN	325	–	–	–	–	–	325
John F. CONNELLY *(b) & (f)*	150	–	–	–	–	–	150
Mark CHEN *(b) & (f)*	100	–	–	–	–	–	100
Nancy KU *(b) & (f)*	100	–	–	–	–	–	100
DING Yu Cheng *(e)*	100	–	–	–	–	–	100
JU Wei Min *(e)*	100	–	–	–	–	–	100
KO Fai Wong *(e) & (g)*	100	–	–	–	–	–	100
MI Zeng Xin *(e)*	200	–	–	–	–	–	200
Robert SZE	350	–	–	–	–	–	350
James WATKINS	325	–	–	–	–	–	325
Peter JACKSON	–	3,880	2,522	2,104	582	688	9,776
William WADE	–	2,333	1,225	1,821	350	514	6,243
Total	2,050	6,213	3,747	3,925	932	1,202	18,069

The remuneration of every Director for the year ended 31 December 2007 is set out below:

Name of Director	Fees	Salary	Performance related bonuses	Other benefits (a)	Employer's contribution to pension scheme	Share-based payment	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'0000*	*HK$'000*
Romain BAUSCH *(c) & (d)*	50	–	–	–	–	–	50
Ronald J. HERMAN, Jr. *(b), (f) & (g)*	150	–	–	–	–	–	150
Edward CHEN	325	–	–	–	–	–	325
Cynthia DICKINS *(c) & (d)*	25	–	–	–	–	–	25
John F. CONNELLY *(b) & (f)*	101	–	–	–	–	–	101
Mark CHEN *(b) & (f)*	75	–	–	–	–	–	75
Nancy KU *(b) & (f)*	75	–	–	–	–	–	75
DING Yu Cheng *(e)*	100	–	–	–	–	–	100
JU Wei Min *(e)*	100	–	–	–	–	–	100
KO Fai Wong *(e) & (g)*	100	–	–	–	–	–	100
MI Zeng Xin *(e)*	200	–	–	–	–	–	200
Mark RIGOLLE *(c) & (d)*	25	–	–	–	–	–	25
Robert SZE	350	–	–	–	–	–	350
James WATKINS	325	–	–	–	–	–	325
Peter JACKSON	–	2,863	2,173	2,285	429	951	8,701
William WADE	–	2,222	1,686	1,737	333	705	6,683
Total	2,001	5,085	3,859	4,022	762	1,656	17,385

Notes:

(a) Other benefits include accommodation, car, leave passage, insurance premium and club membership and are short-term in nature.

(b) Appointed on 29 March 2007.

(c) Resigned on 29 March 2007.

(d) Paid to SES and its subsidiary.

(e) Paid to a subsidiary of CITIC.

(f) Paid to a subsidiary of GE.

(g) Resigned on 6 February 2009.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2007: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2007: three) individuals during the year are as follows:

	2008	2007
	HK$'000	*HK$'000*
Basic salaries, housing allowances, other allowances and benefits in kind	9,641	8,311
Employer's contribution to pension scheme	748	600
Performance related bonuses	3,500	2,956
Share-based payment	935	263
	14,824	12,130

The emoluments fell within the following bands:

	Number of individuals	
	2008	2007
Emolument bands		
HK$3,500,001 – HK$4,000,000	–	2
HK$4,000,001 – HK$4,500,000	–	1
HK$4,500,001 – HK$5,000,000	2	–
HK$5,000,001 – HK$5,500,000	1	–
	3	3

23. Finance costs

	2008	**2007**
	HK$'000	*HK$'000*
Interest expense:		
– asset retirement obligations	98	40
– obligations under finance leases	16	5
	114	45

24. Income tax expense

A significant portion of the Group's profit is treated as earned outside Hong Kong and is not subject to Hong Kong profits tax. Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the year.

Overseas tax, including the Foreign Enterprises Income Tax in the People's Republic of China, is calculated at 5% to 20% of the gross revenue earned in certain overseas jurisdictions.

Details of deferred taxation are set out in note 19.

The Group currently has a tax case in dispute with the Indian tax authorities. Details of this are set out in note 31.

	2008	**2007**
	HK$'000	*HK$'000*
Current income tax		
– Hong Kong profits tax	43,649	42,634
– Overseas taxation	9,377	14,010
	53,026	56,644
Deferred income tax *(note 19)*		
– Current year	(5,614)	(2,691)
– Impact of change in Hong Kong profits tax rate	(10,803)	–
	(16,417)	(2,691)
	36,609	53,953

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies as follows:

	2008	2007
	HK$'000	*HK$'000*
Profit before income tax	520,567	556,868
Tax calculated at tax rate of 16.5% (2007: 17.5%)	85,894	97,452
Tax effect of income not subject to income tax	(89,829)	(98,894)
Tax effect of expenses not deductible for tax purposes	42,109	41,600
Tax effect on unrecognised timing differences by a subsidiary	(440)	(152)
Tax effect of tax losses of associates not recognised	–	446
Effect of income tax rate differential between Hong Kong and overseas locations	9,377	13,978
Tax losses for which no deferred income tax asset was recognised	301	–
Remeasurement of deferred tax – change in Hong Kong profits tax rate	(10,803)	–
Utilisation of previously unrecognised tax losses by a subsidiary	–	(477)
Tax expense	36,609	53,953

The effective tax rate of the Group was 7.0% (2007: 9.7%).

25. Net foreign exchange (gain)

The exchange gain recognised in the consolidated income statement are included as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Administrative expenses	(2,311)	(3,261)

26. Profit attributable to equity holders of the Company

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$156,927,000 (2007: HK$138,963,000).

27. Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2008	**2007**
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	484,887	503,397
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(in thousands)*	390,722	390,830
Basic earnings per share *(HK$ per share)*	1.24	1.29

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held under the Share Award Scheme.

Diluted

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and restricted shares under the Share Award Scheme. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of subscription rights attached to outstanding share options and outstanding restricted shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options and the restricted shares being fully vested.

	2008	**2007**
	HK$'000	*HK$'000*
Profit used to determine diluted earnings per share	484,887	503,397
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share *(in thousands)*	390,722	390,830
Effect of share options *(in thousands)*	–	80
Effect of Awarded Shares *(in thousands)*	358	65
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share *(in thousands)*	391,080	390,975
Diluted earnings per share *(HK$ per share)*	1.24	1.29

28. Dividends

The dividends paid during the years ended 31 December 2008 and 2007 were HK$152,415,000 (HK$0.39 per share) and HK$136,902,000 (HK$0.35 per share) respectively. A final dividend in respect of 2008 of HK$0.31 per share, amounting to a total dividend of HK$121,271,000 is to be proposed at the Annual General Meeting on 21 May 2009. These financial statements do not reflect this dividend payable.

	2008	**2007**
	HK$'000	*HK$'000*
Interim dividend paid of HK$0.08 (2007: HK$0.08) per ordinary share	31,295	31,295
Proposed final dividend of HK$0.31 (2007: HK$0.31) per ordinary share	121,271	121,271
	152,566	152,566

29. Cash flows from the operations

	2008	2007
	HK$'000	*HK$'000*
Profit for the year	483,958	502,915
Adjustments for:		
– Tax *(note 24)*	36,609	53,953
– Bad debts written off	608	545
– Provision/(Write back) for impairment of receivables	21,516	(7,713)
– Share-based payment	3,818	2,089
– Amortisation of prepaid operating lease payment *(note 6)*	583	584
– Depreciation *(note 7)*	304,269	299,052
– Amortisation of licences *(note 8)*	161	161
– Net profit on disposal of property, plant and equipment (see below)	(123)	(213)
– Write back of provision for asset retirement obligations	(1,675)	–
– Interest income *(note 20)*	(66,278)	(109,204)
– Finance costs *(note 23)*	114	45
– Share of losses from associates *(note 10)*	–	11,078
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Unbilled receivable	9,441	14,912
– Amount paid to tax authority	(37,519)	(12,380)
– Inventories	883	(345)
– Trade and other receivables	(87,603)	(44,886)
– Other payables and accrued expenses	8,996	(3,484)
– Deferred revenue	(19,847)	(25,554)
Cash flows from the operations	657,911	681,555

In the cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	2008	**2007**
	HK$'000	*HK$'000*
Net book amount *(note 7)*	86	2
Net profit on disposal of property, plant and equipment	123	213
Proceeds from disposal of property, plant and equipment	209	215

30. Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arise in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below:

(a) Credit risks

The Group's credit risk is primarily attributable to trade receivables. The Group does not normally provide credit terms to its trade customers. The Group usually bills its trade customers quarterly in advance in accordance with its agreements. The Group also requires bank guarantees from certain trade customers.

The Group did not have investment in any debt or equity securities.

(b) Liquidity risks

Investments of the Group are always kept sufficient liquid to meet the operating needs and the settlement of financial liabilities that fall due. The non-derivative financial liabilities of the Group as at 31 December are analysed into relevant maturity buckets based on their contractual maturity dates in the table below:

	2008			2007		
	Within 1 year	More than 1 year but less than 3 years	Total	Within 1 year	More than 1 year but less than 3 years	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Current liabilities						
Construction payables	9,634	–	9,634	70,238	–	70,238
Other payables and accrued expenses	119,452	–	119,452	112,115	–	112,115
Obligations under finance leases	87	–	87	101	–	101
	129,173	–	129,173	182,454	–	182,454
Non current liabilities						
Other payables	–	1,910	1,910	–	–	–
Obligations under finance leases	–	17	17	–	104	104
	–	1,927	1,927	–	104	104

(c) Interest rate risks

The Group has cash balances placed with reputable banks and financial institutions, which generate interest income for the Group. The Group manages its interest rate risk by placing such balances on various maturities and interest rate terms.

The following table details the interest rate profiles of the Group's short-term deposits:

	2008		2007	
	Effective Interest Rate %	*HK$'000*	**Effective Interest Rate %**	*HK$'000*
Short-term deposits	3.3%	2,410,450	5.2%	2,263,531

At 31 December 2008, it is estimated that a general increase/decrease of 100 basis points in interest rate, with all other variables held constant, would increase/decrease the Group's profit for the year and retained profits by approximately HK$24,105,000 (2007: HK$22,635,000).

The sensitivity analysis above has been determined assuming that the change in interest rates has occurred at the balance sheet date and has been applied to the interest-bearing short-term bank deposits in existence at that date. The 100 basis points increase/decrease represents management's assessment of a reasonably possible change in interest rate over the period until the next annual balance sheet date. The analysis is performed on the same basis for 2007.

(d) Currency risks

The Group is exposed to currency risk primarily through the sales and purchases that are denominated in a currency other than the functional currency of the operations. The currency giving rise to currency risk is primarily United States Dollars. As Hong Kong Dollars is pegged to United States Dollars, the Group's currency risk is very minimal.

However, pertaining to the Group's Indian tax issue as disclosed in note 31 to the consolidated financial statements, the Group has paid a total of Indian Rupee ("INR") 1,164,000,000 (2007: INR965,000,000) to the Indian tax authorities in order to obtain further stay of recovery proceedings. These amounts paid to tax authorities are recorded as non-current assets of the Group on the basis that the full amount is considered recoverable. In this regard, the Group is exposed to foreign currency exchange risk with respect to such receivable balances in Indian Rupee.

	2008	2007
	INR$'000	*INR$'000*
Amount paid to tax authority	1,164,000	965,000

The following table indicates the approximate changes in the Group's profit for the year (and the retained earnings) and total equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the balance sheet date.

	2008		2007	
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) on profit for the year and retained profits**	**Increase/ (decrease) in foreign exchange rates**	**Increase/ (decrease) on profit for the year and retained profits**
		HK$'000		*HK$'000*
Indian Rupee against Hong Kong Dollars	+5%	10,200	+5%	8,800
	-5%	(10,200)	-5%	(8,000)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the balance sheet date and had been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date; and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in Indian Rupee over the period until the next annual balance sheet. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the Group entities' profit for the year and total equity measured in the respective functional currencies, translated into Hong Kong Dollars at the exchange rate ruling at the balance sheet date for presentation purposes. The analysis is performed on the same basis for 2007.

31. Contingencies

Under Indian tax regulations, the Group may be subject to Indian tax on revenues received by the Group in respect of income from the provision of satellite transponder capacity to the Group's customers for purposes of those customers carrying on business in India or earning income from any source in India.

The Indian tax authorities have assessed the Group for tax as follows:

Assessment year	**Amount** *HK$'000* *(approximate)*	**Amount** *INR'000* *(approximate)*
1997-98	13,000	77,000
1998-99	23,000	141,000
1999-00	20,000	127,000
2000-01	13,000	84,000
2001-02	27,000	171,000
2002-03	33,000	211,000
2003-04	49,000	313,000
2004-05	40,000	253,000
2005-06	42,000	265,000
Total	260,000	1,642,000

During the year, the Indian tax authorities have revised certain assessments for the prior years, with the total for the years shown above being reduced by INR82 million. The figures as disclosed above have been changed accordingly to reflect the latest assessments, at the exchange rate on 31 December 2008.

The Group has filed appeals for each of the assessment years 1997-98 to 2005-06.

Assessment for the year 2006-07 was first issued at the end of 2008. The Group has filed a writ petition against this assessment to the High Court in New Delhi. The assessment was then subsequently set aside in January 2009 under the High Court's order. The tax authorities were ordered to recompute the assessment and no new assessment has yet been made.

No assessment has yet been made for the assessment years 2007-08 or 2008-09.

The Income Tax Appellant Tribunal (the "Tribunal") in an earlier appeal filed against the original assessment for the assessment year 1997-98 held that the Group is liable for Indian tax under certain circumstances. The Group does not believe that it is liable for the Indian tax as held by the Tribunal and has filed an appeal against the Tribunal's decision. The tax authorities have also filed an appeal against the Tribunal's decision. Both appeals have been admitted by the High Court and are pending review. In any case, the Group has no knowledge of the amount of revenues which might be assessed to tax in India and thus could not estimate the amount of tax which might become payable if the tax claims were sustained. Accordingly, no provision has been recognised for Indian tax in the Group's financial statements.

In order to obtain a stay of recovery proceedings, the Group has made payments as follows and has recorded these payments as an asset on the assumption that the amounts are recoverable.

Assessment year	**Amount** *HK$'000* *(approximate)*	**Amount** *INR'000* *(approximate)*
1997-98	13,000	77,000
1998-99	14,000	88,000
1999-00	11,000	62,000
2000-01	9,000	50,000
2001-02	20,000	119,000
2002-03	27,000	148,000
2003-04	39,000	226,000
2004-05	34,000	195,000
2005-06	38,000	199,000
Total	205,000	1,164,000

32. Major non-cash transactions

There was no major non-cash transaction during 2007 and 2008.

33. Commitments – Group

Capital commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	2008	2007
	HK$'000	*HK$'000*
AsiaSat 5		
Contracted but not provided for	250,191	490,353
Authorised but not contracted for	286,318	292,855
Other assets		
Contracted but not provided for	10,388	12,169
	546,897	795,377

Operating lease commitments – where the Group is the lessee

The Group leases certain of its office and residential premises under non-cancellable operating leases. Leases are negotiated for an average term of two to four years. The lease expenditure expensed in the income statement during the year is disclosed in note 21.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2008	2007
	HK$'000	*HK$'000*
Not later than 1 year	9,463	6,833
Later than 1 year and not later than 5 years	12,513	16,882
	21,976	23,715

Operating lease commitments – where the Group is the lessor

The Group leased its office premises under non-cancellable operating leases. The lease was negotiable for four years. The lease income recognised in the income statement during the year was HK$184,000 (2007: HK$552,000).

The Group had contracted with the customer for the following future minimum lease payments:

	2008	**2007**
	HK$'000	*HK$'000*
Within one year	–	184
	–	184

34. Related-party transactions

During 2007, there was a change in one of the major indirect shareholders of the Company. General Electric Company ("GE") has become a major indirect shareholder of the Company on acquiring approximately 36.84% of the issued share capital of the Company. CITIC Group ("CITIC"), the Company's founding shareholder, remains as the other major indirect shareholder with approximately 37.59% of the issued share capital of the Company. Both GE and CITIC indirectly have equal voting rights in the Company. As at 29 March 2007, SES S.A. ("SES", the then major indirect shareholder of the Company) ceased to have shareholding in the Company, but together with its subsidiary, were still classified as related parties for the year ended 31 December 2007. The remaining 25.57% of the outstanding shares are held by the public.

The Group acquired additional shareholdings in SpeedCast Holdings Limited during 2007. It became a subsidiary on 31 August 2007 and a wholly-owned subsidiary on 30 November 2007. Transactions incurred before 31 August 2007 were still classified as related-party transactions for the year ended 31 December 2007.

The following transactions were carried out with related parties:

(a) Income from provision of satellite transponder capacity

The Group has entered into agreements for the provision of transponder capacity to an associate of CITIC, CITIC Guoan Information Industry Company Limited. CITIC is a major indirect shareholder of the Company throughout the year.

During 2007, the Group recognised income from provision of satellite transponder capacity from its associate, SpeedCast Limited.

	2008	**2007**
	HK$'000	*HK$'000*
CITIC Guoan Information Industry Company Limited	1,250	–
SpeedCast Limited (as an associate up to August 2007)	–	32,410
	1,250	32,410

(b) Agency fee

In addition, the Group has entered into an agreement with CITIC Technology Company Limited, a subsidiary of CITIC, for collecting money from China customers on behalf of the Group.

	2008	**2007**
	HK$'000	*HK$'000*
CITIC Technology Company Limited	74	454

(c) Key management compensation

	2008	2007
	HK$'000	*HK$'000*
Salaries and other short-term employee benefits	45,327	37,051
Share-based payment	2,311	4,449
	47,638	41,500

The Group made payments to SES and its subsidiary, a subsidiary of GE and a subsidiary of CITIC for certain Non-executive Directors representing SES, GE and CITIC.

	2008	2007
	HK$'000	*HK$'000*
SES and its subsidiary	–	100
A subsidiary of GE	550	401
A subsidiary of CITIC	500	500
	1,050	1,001

(d) Income from provision of uplink services and certain equipments

The Group entered into an agreement for the provision of uplink services and certain equipments for Ku-Band monitoring capacity with a subsidiary of SES, SES AMERICOM, Inc., which ceased to be a related party from 29 March 2007. For comparative purposes, the income for 2008 was also presented below.

The Group also provided temporary uplink services to SpeedCast Limited, previously an associate, which became a subsidiary during the year ended 31 December 2007. The income shown below was incurred up to the date on which SpeedCast Limited became a subsidiary.

	2008	**2007**
	HK$'000	*HK$'000*
SES AMERICOM, Inc.	260	260
SpeedCast Limited (as an associate up to 31 August 2007)	–	25
	260	285

(e) Year end balances arising from these transactions

	2008	**2007**
	HK$'000	*HK$'000*
Receivables from related parties *(note 12)*:		
CITIC Technology Company Limited	29,832	34,693
Payables to related parties:		
CITIC Technology Company Limited	525	519

The trade receivables from related parties are payable in accordance with the agreements. The receivables from and payables to related parties have no fixed terms of payment, are unsecured in nature and bear no interest.

35. Capital Management

The Group's objectives when managing capital, which comprises all capital and reserves attributable to the equity holders, are:

- to safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- to support the business growth; and
- to maintain a strong credit rating.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group adopted a dividend policy of providing shareholders with a dividend payout ratio of 30% to 40% of the profit for the year, while retaining the rest of the profit as capital of the Group for future use. The Group's overall policy on managing capital remained the same as in 2007.

36. Events after the balance sheet date

(a) On 5 January 2009, a transponder master agreement signed among Asia Satellite Telecommunications Company Limited ("AsiaSat", an indirect wholly-owned subsidiary of the Company), CITIC Networks Co., Ltd. ("CITIC Networks", a wholly-owned subsidiary of CITIC Group), and CITIC Networks Co., Ltd. Beijing Satellite Telecommunications Branch ("CITICSat", the branch established and run by CITIC Networks) has been approved by the independent shareholders. Under the agreement, CITIC Networks and CITICSat granted a right to AsiaSat to provide the transponder capacity for use by their customers on an exclusive basis from 5 January 2009 to 22 October 2012. The agreement can enable AsiaSat to obtain benefits from the extensive and established business networks of both CITIC Group and CITIC Networks to further explore the business opportunities in China. As CITIC Group is a major indirect shareholder of the Company, CITIC Networks and CITICSat are deemed connected persons of the Company and the transactions contemplated under the master agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(b) On 20 February 2009, AsiaSat has entered into an agreement with ILS International Launch Services, Inc. ("ILS"), third party independent of the Group, to procure a launch vehicle as a result of the delay in delivery of the launch vehicle for AsiaSat 5 by Sea Launch, the original launch vehicle provider. The contract sum of the new agreement is US$80,000,000. Bowenvale Limited, a major shareholder of the Company, has granted its written approval to the Company for entering into this new launch vehicle agreement. The reason to have the new launch vehicle is to ensure AsiaSat 5 can replace AsiaSat 2 before its end of fuel life in early 2011.

(c) On 10 March 2009, the Company has filed the Form 15F with the United States Securities and Exchange Commission ("SEC") to apply for deregistration following the delisting from the New York Stock Exchange on 28 January 2008. The completion of the filing has immediately suspended the Company's reporting obligations with respect to its securities and commenced a 90-day waiting period. If, at the end of this 90-day period, the SEC has not objected to the filing, the suspension will automatically become a termination of registration and reporting requirements of the Company for the SEC.

3. INDEBTEDNESS

As at the close of business on 28 February 2009, being the latest practicable date for the purpose of this indebtedness statement, apart from intra-group liabilities, the Group did not have:–

(a) any debt securities issued and outstanding, and authorised or otherwise created but unissued, and term loans;

(b) any borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments;

(c) any mortgages or charges; and

(d) any guarantees and, save as disclosed below, any contingent liabilities.

Details of the contingent liabilities of the Group as at 31 December 2008 are set out in Note 31 to the Company's audited consolidated financial statements for the year ended 31 December 2008 on pages 75 and 76 of this Circular. Save as disclosed, the Directors are not aware of any material change in the contingent liabilities at the date of this Circular.

In addition to the above, as at the close of business on 28 February 2009, the Group had no outstanding claims in respect of pending litigation as defined in the paragraph headed "Litigation" of Appendix III to this Circular.

4. WORKING CAPITAL

In the absence of unforeseen circumstances and taking into account the internal resources available to the Group, the Directors of the Company are of the opinion that the Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of publication of this Circular.

1. UNAUDITED PRO FORMA STATEMENT OF THE ASSETS AND LIABILITIES OF THE GROUP

The following is the unaudited pro forma statement of assets and liabilities of the Group prepared to illustrate the effect of the Original Transactions (excluding the Original Launch Contract) and the Launch Contract on the assets and liabilities of the Group as if the construction and the launch of AsiaSat 5 had been completed on 31 December 2008. The unaudited pro forma statement of the assets and liabilities of the Group was prepared based on the Group's unadjusted statement of assets and liabilities as at 31 December 2008 extracted from the audited consolidated balance sheet of the Group as at 31 December 2008, as set out in the annual report of the Group for the year ended 31 December 2008, after making pro forma adjustments as set out in note 2 below.

This unaudited pro forma statement of assets and liabilities of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 December 2008 or at any future date.

	Unadjusted statement of assets and liabilities of the Group as at 31 December 2008	Pro forma adjustments	Pro forma unaudited statement of assets and liabilities of the Group as at 31 December 2008
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
ASSETS			
Non-current assets			
Property, plant and equipment	2,681,287	1,057,393	3,738,680
Leasehold land and land use rights	22,449	–	22,449
Intangible assets	39,921	–	39,921
Unbilled receivable	146,694	–	146,694
Amount paid to tax authority	204,810	–	204,810
Total non-current assets	3,095,161	1,057,393	4,152,554
Current assets			
Inventories	2,767	–	2,767
Trade and other receivables	234,614	–	234,614
Cash and cash equivalents	2,445,471	(1,060,318)	1,385,153
Total current assets	2,682,852	(1,060,318)	1,622,534
Total assets	5,778,013	(2,925)	5,775,088

	Unadjusted statement of assets and liabilities of the Group as at 31 December 2008	Pro forma adjustments	Pro forma unaudited statement of assets and liabilities of the Group as at 31 December 2008
	HK$'000	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	172,631	–	172,631
Deferred revenue	102,179	–	102,179
Obligations under finance leases	17	–	17
Other payables	1,910	–	1,910
Total non-current liabilities	276,737	–	276,737
Current liabilities			
Construction payables	9,634	(2,925)	6,709
Other payables and accrued expenses	119,452	–	119,452
Deferred revenue	149,601	–	149,601
Obligations under finance leases	87	–	87
Current income tax liabilities	90,638	–	90,638
Dividend payable	121	–	121
Total current liabilities	369,533	(2,925)	366,608
Total liabilities	646,270	(2,925)	643,345
Net current assets	2,313,319	(1,057,393)	1,255,926
Total assets less current liabilities	5,408,480	–	5,408,480
Net assets	5,131,743	–	5,131,743

Notes to the unaudited pro forma statement of the assets and liabilities:

(1) The unadjusted statement of assets and liabilities of the Group are extracted from the audited consolidated balance sheet of the Group as at 31 December 2008.

(2) The adjustments represent: i) the balance payments of approximately US$135,938,205 (approximately HK$1,060,318,000) relating to the commissioning of AsiaSat 5; ii) the related settlement of accrual of construction cost of approximately US$375,000 (approximately HK$2,925,000) to the vendors as at 31 December 2008 and iii) the additions to the property, plant and equipment of approximately US$135,563,205 (approximately HK$1,057,393,000).

The revised total estimated cost for the commissioning of AsiaSat 5 is US$215 million (approximately HK$1,677 million) and it includes the considerations under the Launch Contract and the Construction Agreement, and other costs directly attributable to the commissioning of AsiaSat 5. As at 31 December 2008, the Group paid approximately US$78 million (approximately HK$612 million) pursuant to the Construction Agreement and approximately US$1 million (approximately HK$8 million) related to other direct costs.

(3) For the purposes of the pro forma statement of assets and liabilities, the balances denominated in US$ have been translated into HK$ at an exchange rate of US$1 = HK$7.8.

(4) No adjustment has been made to reflect any operating results or other events subsequent to 31 December 2008. Also, no adjustment has been made to reflect any future capital expenditure.

2. REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report, received from the auditors of the Company, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information for the purpose of its incorporation in this Circular.

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

TO THE DIRECTORS OF
ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

We report on the unaudited pro forma financial information set out on pages 85 to 87 under the heading of "Unaudited Pro Forma Financial Information" (the "Unaudited Pro Forma Financial Information") in Appendix II of the circular dated 20 April 2009 (the "Circular") of Asia Satellite Telecommunications Holdings Limited (the "Company"), in connection with the launch contract for commissioning of AsiaSat 5 (the "Launch Contract"). The Unaudited Pro Forma Financial Information has been prepared by the Directors of the Company, for illustrative purposes only, to provide information about how the Launch Contract might have affected the relevant financial information of the Company and its subsidiaries (hereinafter collectively referred to as the "Group"). The basis of preparation of the Unaudited Pro Forma Financial Information is set out on pages 85 to 87 of the Circular.

Respective Responsibilities of Directors of the Company and the Reporting Accountant

It is the responsibility solely of the Directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted statement of assets and liabilities of the Group as at 31 December 2008 with the audited consolidated balance sheet of the Group as at 31 December 2008, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2008 or any future date.

Opinion

In our opinion:

a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to rule 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 20 April 2009

1. RESPONSIBILITY STATEMENT

This Circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts, the omission of which would make any statement contained in this Circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interest of Directors and chief executives in securities

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

(i) Shares in the Company (including shares under share award scheme described in (ii))

Name of Director	Capacity	Long or short position	Number of ordinary shares in the Company	% of the issued capital of the Company
Peter JACKSON	Beneficial owner	Long position	424,500	0.11
William WADE	Beneficial owner	Long position	150,429	0.04
James WATKINS	Beneficial owner	Long position	50,000	0.01

(ii) ***Shares under share award scheme (contingent interests awarded but not vested)***

Name of Director	Capacity	Long or short position	Number of ordinary shares in the Company	% of the issued capital of the Company
Peter JACKSON	Beneficial owner	Long position	197,335	0.05
William WADE	Beneficial owner	Long position	134,826	0.03

(b) Substantial Shareholders' interests and short positions in shares and underlying shares of the Company

Save as disclosed below, so far as was known to any Director or chief executive of the Company, no person (other than a Director or chief executive of the Company or their respective associates), as at the Latest Practicable Date, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO, or which will be required pursuant to section 336 of the SFO to be recorded in the register of the Company or who was/were directly or indirectly deemed to be interested in 10% or more of the nominal value of any classes of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of its associated corporations were as follows:

Name	Capacity	Long or short position	Number of ordinary shares in the Company	% of the issued capital of the Company
Bowenvale Limited	Beneficial owner	Long position	291,174,695	74.43
AsiaCo Acquisition Limited	Beneficial owner	Long position	22,269,695 (1)	5.69
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695 (1) & (2)	74.43

Name	Capacity	Long or short position	Number of ordinary shares in the Company	% of the issued capital of the Company
CITIC Group	Interest in controlled corporation	Long position	291,174,695[(1) & (2)]	74.43
GE Pacific-3 Holdings, Inc.	Interest in controlled corporation	Long position	291,174,695[(3)]	74.43
General Electric Company	Interest in controlled corporation	Long position	291,174,695[(1) & (3)]	74.43

Notes:

(1) AsiaCo Acquisition Limited ("AsiaCo") controls 5.69% of the voting rights of the Company and is a wholly-owned subsidiary of Bowenvale Limited ("Bowenvale").

(2) Able Star Associates Limited ("Able Star") controls 50% of the voting rights of Bowenvale. Able Star is wholly-owned by CITIC Asia Limited ("CITIC Asia") which in turn is wholly-owned by CITIC Projects Management (HK) Limited ("CITIC Projects"), a wholly-owned subsidiary of CITIC Group ("CITIC"). Accordingly, Able Star, CITIC Asia, CITIC Projects and CITIC are deemed to be interested in the 291,174,695 shares of the Company held by Bowenvale.

(3) GE Pacific-3 Holdings, Inc. ("Pacific 3") controls approximately 45% of the voting rights of Bowenvale and other General Electric Company ("GE") affiliates own another 5%. They are all indirect, wholly-owned subsidiaries of GE. Accordingly, Pacific 3 and its GE affiliates are interested in the 291,174,695 shares of the Company held by Bowenvale.

(c) Directors' interests in competing businesses

As at the Latest Practicable Date, Sherwood P. DODGE, Mark CHEN and Nancy KU are senior executives and/or directors of certain subsidiaries of GE, a substantial shareholder of Bowenvale which in turn is the substantial shareholder of the Company. GE has substantial interests in GE International Holdings, Inc., operator of a satellite, GE-23, which could be viewed as competing to some extent with the business of the Company as GE-23 provided transponder capacity to certain Asia-Pacific locations that are also served by the Company.

(d) Service contracts

Peter JACKSON, an Executive Director and a Chief Executive Officer of the Company entered into a service contract with AsiaSat on 5 June 1996 for an initial term of three years from 18 June 1996 to 17 June 1999 and thereafter, the contract shall continue unless or until terminated by either party in writing by giving to the other not less than twelve calendar months' notice in writing to expire on or at any time after the end of the initial 3-year period.

William WADE, an Executive Director and a Deputy Chief Executive Officer of the Company entered into a service contract with AsiaSat on 3 June 1996 for an initial term of two years from 18 June 1996 to 17 June 1998 and thereafter, the contract shall continue unless or until terminated by either party in writing by giving to the other not less than six calendar months' notice in writing to expire on or at any time after the end of the initial 2-year period.

(e) Directors' interest in assets and contract or arrangement

Save as disclosed in this Circular,

(i) none of the Directors had any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Group since 31 December 2008 (being the date to which the latest published audited consolidated financial statements of the Company were made up), and;

(ii) no Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

3. EXPERT'S QUALIFICATION AND CONSENT

(a) The qualification of the expert who has given its report contained in this Circular is set out as follows:

Name	Qualification
PricewaterhouseCoopers	Certified Public Accountants

(b) As at the Latest Practicable Date, PricewaterhouseCoopers did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, directly or indirectly, in any assets which had been acquired or disposed of or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2008, being the date to which the latest published audited consolidated financial statements of the Company were made up.

(c) PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its report dated 20 April 2009 as set out in this Circular and references to its name in the form and context in which they appear.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, being the date to which the latest published audited consolidated financial statements of the Company were made up.

5. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claim of material importance and the Directors are not aware of any litigation or claim of material importance pending or threatened against the Company or any of its subsidiaries.

6. MATERIAL CONTRACTS

Save for the following contracts entered into by members of the Group, neither the Company nor any of its subsidiaries had within the two years immediately preceding the date of this Circular entered into any contracts which were or may be material, other than in the ordinary course of business carried on or intended to be carried on by the Company or other members of the Group:

(a) the 2 share purchase agreements both dated 31 August 2007 between AsiaSat and Tech System Limited, and AsiaSat and Yahoo! Inc. for the acquiring by AsiaSat of 23.39% and 1.26% respectively of the issued share capital of SpeedCast Holdings Limited at the aggregate cash consideration of approximately US$2.96 million (approximately HK$23.07 million);

(b) the share purchase agreement dated 25 October 2007 between AsiaSat and TVG Phoenixnet Investment Limited for the acquiring by AsiaSat 27.99% of the issued share capital of SpeedCast Holdings Limited at the cash consideration of approximately US$3.36 million (approximately HK$26.19 million); and

(c) the Launch Contract dated 20 February 2009 entered into by AsiaSat and ILS for the acquiring by AsiaSat from ILS of the Launch service at the cash consideration of approximately US$80 million (approximately HK$624 million), replacing the same originally procured by Sea Launch.

7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's offices at 19th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this Circular up to and including 5 May 2009:

(a) Bye-laws of the Company;

(b) each of the service contracts referred to in the paragraph headed "Service contracts" of this Appendix;

(c) each of the material contracts referred to in the paragraph headed "Material Contracts" of this Appendix;

(d) audited consolidated financial statements of the Company and its subsidiaries for the two financial years ended 31 December 2007 and 2008;

(e) report from PricewaterhouseCoopers on the unaudited pro forma financial information set out in Appendix II to this Circular; and

(f) this Circular.

8. MISCELLANEOUS

(a) The company secretary and the qualified accountant of the Company is Sue Yeung, who is a member of the Institute of Chartered Accounts in England and Wales.

(b) The head office of the Company is 19th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong.

(c) The principal share registrar of the Company is Butterfield Fulcrum Group (Bermuda) Limited (formerly known as Butterfield Fund Services (Bermuda) Limited), whose registered office is at Rosebank Centre, 11 Bermudiana Road, Hamilton, HM08, Bermuda and the Hong Kong branch registrar and transfer office of the Company are Computershare Hong Kong Investor Services Limited, whose registered office is at Hopewell Centre, 46th Floor, 183 Queen's Road East, Wanchai, Hong Kong.

(d) The English text of this Circular shall prevail over the Chinese text.