

OLYMPIC ISSUE

Infotainment

AsiaSat brings you
Lifestyle, Education and Business

EYE ON THE **GAMES**

LIVE FROM BEIJING VIA
ASIASAT TO THE WORLD

THE MAKING OF AN **AWARD WINNING PERFORMER**

*Asia Satellite
Telecommunications
Holdings Limited*
(Stock Code 1135)

ANNUAL REPORT 2007



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EYE ON THE GAMES

AsiaSat is playing an important role in the upcoming Beijing 2008 Olympic Games by linking international broadcasters with their audiences worldwide. In this report we focus on what it takes to be the best in the field, on the track, and in the stratosphere.

WHAT IS INFOTAINMENT?

'Infotainment' is an emerging Neoterm that combines the words 'information' and 'entertainment'. It also blends their meanings. AsiaSat is at the very heart of the 'infotainment' explosion in Asia Pacific as we provide the satellite communication platforms and services that enable our customers to deliver the seamlessly converged data, television programmes, telephony, websites and multimedia experiences that their customers take for granted. We enable the delivery of 'infotainment' anywhere in the Asia-Pacific region at any time. From secure business communications to quality television channel distribution, from outside sports coverage to remote telephone services, our customers rely on AsiaSat's leadership as the region's premier satellite services provider.

ASIASAT

Asia Satellite Telecommunications Holdings Limited (the "Company") indirectly owns Asia Satellite Telecommunications Company Limited ("AsiaSat") and other subsidiaries (collectively the "Group") and is listed on the Hong Kong Stock Exchange ("Stock Exchange") (1135). In January 2008, the delisting of the Company's American Depositary Shares ("ADSs") from the New York Stock Exchange ("NYSE") became effective.

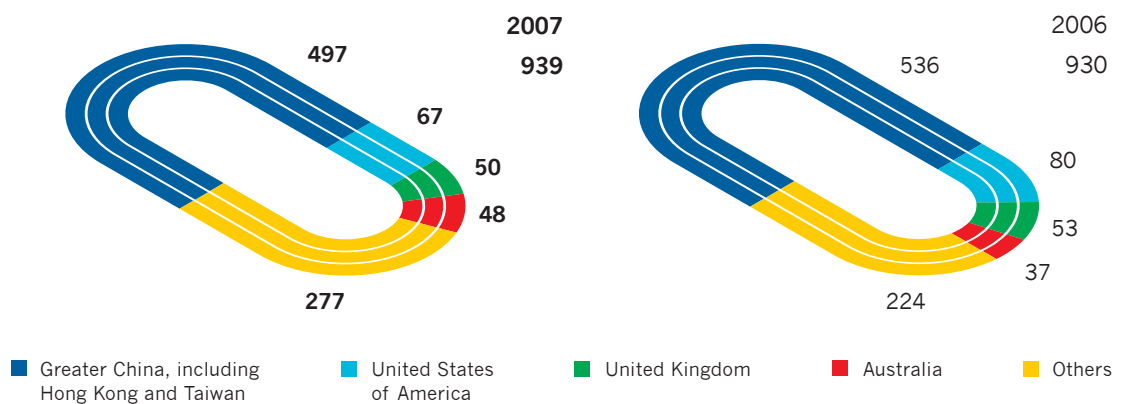
AsiaSat is Asia's premier provider of high quality satellite services to the broadcasting and telecommunications markets. The Group owns and operates three satellites that are located in prime geostationary positions over the Asian landmass and provide access to two-thirds of the world's population.

The Company's strategy is to maximise the return from its core business of satellite transmission services while exploring convergence opportunities in satellite related new growth industries.

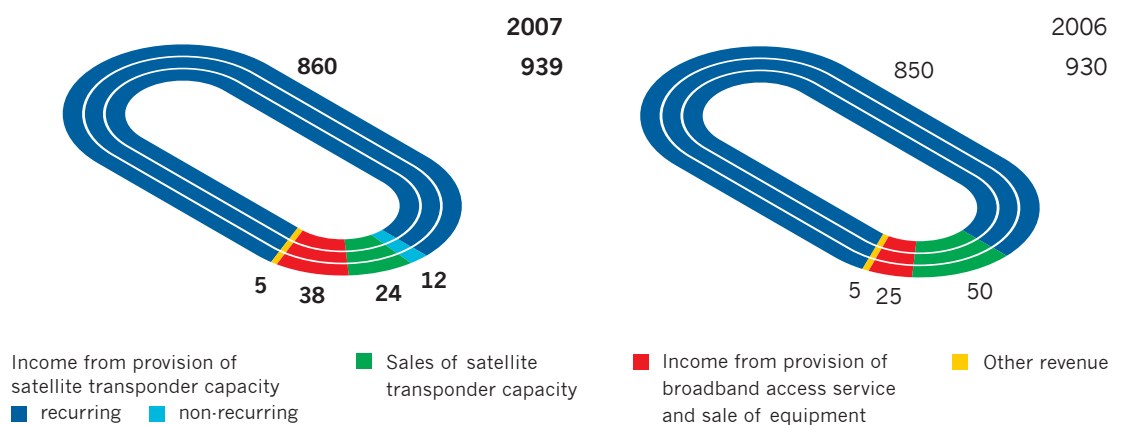
FINANCIAL HIGHLIGHTS

| | | 2007 | 2006 | % Increase |
|--|----------|--------------|-------|------------|
| Sales | HK\$M | 939 | 930 | 1% |
| Profits attributable to equity holders | HK\$M | 503 | 454 | 11% |
| Dividend | HK\$M | 153 | 137 | 12% |
| Capital and reserves | HK\$M | 4,807 | 4,427 | 9% |
| Earnings per share | HK cents | 129 | 116 | 11% |
| Dividend per share | HK cents | 39 | 35 | 11% |
| Dividend cover | Times | 3 | 3 | — |
| Return on equity | % | 10 | 10 | — |
| Net assets per share – book value | HK cents | 1,229 | 1,133 | 8% |

ANALYSIS OF SALES BY REGION (HK\$M)



ANALYSIS OF SALES BY BUSINESS (HK\$M)



CORPORATE INFORMATION

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

MI Zeng Xin

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ronald J. HERMAN, Jr. (appointed on 29 March 2007)

Romain BAUSCH (resigned on 29 March 2007)

NON-EXECUTIVE DIRECTORS

DING Yu Cheng

JU Wei Min

KO Fai Wong

John F. CONNELLY (appointed on 29 March 2007)

Mark CHEN (appointed on 29 March 2007)

Nancy KU (appointed on 29 March 2007)

Mark RIGOLLE (resigned on 29 March 2007)

Cynthia DICKINS (resigned on 29 March 2007)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward CHEN

James WATKINS

Robert SZE

EXECUTIVE DIRECTORS

Peter JACKSON (Chief Executive Officer)

William WADE (Deputy Chief Executive Officer)

AUDIT COMMITTEE

Robert SZE (Chairman)

Edward CHEN

James WATKINS

JU Wei Min (Non-voting)

Mark CHEN (Non-voting)

NOMINATION COMMITTEE

Edward CHEN (Chairman)

MI Zeng Xin

Ronald J. HERMAN, Jr.

REMUNERATION COMMITTEE

James WATKINS (Chairman)

JU Wei Min

Nancy KU

COMPANY SECRETARY

Sue YEUNG

AUTHORISED REPRESENTATIVES

Peter JACKSON

Sue YEUNG

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SOLICITORS

Mayer Brown JSM

Paul, Weiss, Rifkind, Wharton & Garrison

REGISTERED OFFICE

Canon's Court

22 Victoria Street

Hamilton HM12

Bermuda

HEAD OFFICE

17th Floor, The Lee Gardens

33 Hysan Avenue

Causeway Bay

Hong Kong

CHAIRMAN'S STATEMENT

NEW GROWTH IN STRONGER MARKETS

As AsiaSat enters its 20th year, I am pleased to advise shareholders that the encouraging uplift in the Group's 2007 performance reported at the time of the interim results continued throughout the second half of the year. In the full year 2007, revenue from transponders leased and sold, and profit attributable to equity holders achieved a satisfactory increase.

However, the launch late last year of China's two new satellites, Sinosat 3 and ChinaSat 6B, and the migration of our China video customers to them, as we anticipated in the 2007 interim report, did hold back growth.

After several years of stagnation in the satellite transponder market amidst the region's improving economies, we hope that this is the start of the long-awaited turnaround in the Asian satellite industry. That said, there are now rising concerns as to the future of the global economy, but, at the time of reporting, the outlook for Asia and its major economies, including China and India, where many of our customers are based, remains positive.

During 2007, there were a number of significant corporate and operational developments:

- Corporate: General Electric Company ("GE") became a major shareholder, in a transaction which led to an attempted privatisation (for which necessary conditions were not fulfilled) followed by a mandatory general offer (which was accepted by approximately 6% of shareholders); SpeedCast Holdings Limited ("SpeedCast") became wholly owned by the Company; and in January 2008 we announced our intention to voluntarily de-list our ADSs from the NYSE because the benefits do not justify the costs.
- Operational: AsiaSat 5, which is under construction, is progressing well and details of a new and more favourable launch date are set out in the Operations Review; we unveiled our Multiple Channels per Carrier ("MCPC") platform on AsiaSat 3S; and the Company was recognised with several industry awards for excellence.

AsiaSat's unique satellite footprints allow customers to target audiences with precision throughout the Asia Pacific.

ACCURACY

A young woman with dark hair tied back, wearing a yellow and blue patterned shirt, is looking down at a smartphone she is holding in her hands. The background is blurred, suggesting an outdoor setting. The word "ACCURACY" is overlaid in large, semi-transparent blue letters across the bottom half of the image.

ACCURACY

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

The Group again demonstrated a growth in both turnover and profit in 2007.

TURNOVER

Turnover for the year ended 31 December 2007 amounted to HK\$939 million (2006: HK\$930 million), HK\$9 million above the prior year. By excluding the effect of one time receipts of HK\$11 million and HK\$50 million in the years 2007 and 2006 respectively, the Group has reported a growth in revenue of around HK\$48 million compared with that of the prior year. Out of this growth, HK\$38 million was contributed by the consolidation of the accounts of an acquired subsidiary during the second half of the year, while the remaining HK\$10 million came from our existing business.

PROFIT

The profit attributable to equity holders for 2007 was HK\$503 million (2006: HK\$454 million), an increase of HK\$49 million or 11%. This increase was primarily contributed by savings from in-orbit insurance and an increase in interest income.

CASH FLOW

In 2007, the Group generated a net cash inflow of HK\$309 million (2006: HK\$344 million); after paying capital expenditure of HK\$261 million (2006: HK\$307 million), acquisition expenditure of a subsidiary of HK\$43 million (2006: nil) and dividends of HK\$137 million (2006: HK\$137 million). At the end of 2007, the Group's cash balance increased to HK\$2,288 million (2006: HK\$1,979 million).

OPERATING EXPENSES

In 2007, operating expenses amounted to HK\$182 million (2006: HK\$208 million). The substantial saving in expenses was primarily a result of the reduction in satellite in-orbit insurance of HK\$17 million and the reduction in bad debt written off by HK\$11 million.

DEPRECIATION

Depreciation in 2007 was HK\$299 million (2006: HK\$298 million), which increased slightly by HK\$1 million compared to that of the previous year. This was mainly attributable to the depreciation from the newly acquired subsidiary.

CHAIRMAN'S STATEMENT

DIVIDEND

At the forthcoming Annual General Meeting ("AGM") to be held on 8 May 2008, directors of the Company ("Directors") will recommend a final dividend of HK\$0.31 per share (2006: HK\$0.27 per share). This, together with the interim dividend of HK\$0.08 per share (2006: HK\$0.08 per share), gives a total dividend of HK\$0.39 per share in 2007 (2006: HK\$0.35 per share).

ADRS DELISTING

In January 2008, we announced our intention to voluntarily de-list our ADSs from the NYSE and terminate our American Depositary Receipts ("ADR") programme. The delisting became effective on 28 January 2008. We believe that delisting is in the best interest of shareholders considering the relatively low participation in the ADR programme and the associated costs and administrative expenses.

We are also considering, when we become eligible to do so, an eventual deregistration under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"). These actions will not affect the continued listing of the ordinary shares on the Hong Kong Stock Exchange.

BUSINESS REVIEW

NEW SATELLITE

The construction of our new satellite, AsiaSat 5, which is to replace AsiaSat 2 at the orbital location of 100.5°E, is progressing well and is on schedule.

We have previously reported a delay in the launch vehicle availability but I am pleased to advise shareholders that this timing has now changed in our favour. The current launch schedule indicates a launch in the second quarter of 2009, and this could possibly be moved forward.

With the anticipated retirement of AsiaSat 2 in the second quarter of 2011, a launch date in early 2009 would not require commitment for an AsiaSat 5 replacement as there would be sufficient time before the anticipated retirement of AsiaSat 2 to rebuild and re-launch a replacement satellite in the event of an unsuccessful launch of AsiaSat 5. Nevertheless, management continues to monitor the situation and should circumstances change, will take appropriate measures to ensure a timely replacement.

FLEXIBILITY



AsiaSat offers customers a winning choice of compatible C-band coverage, flexible Ku focused beams' cross connectivity and expanded transmission solutions including uplink, digital platforms and backup services.

FLEXIBILITY

AsiaSat delivers high-powered signals serving areas impossible to reach through terrestrial networks, allowing customers to enjoy the most powerful access to Asian markets.

STRENGTH

A photograph of a man in a red shirt performing a bench press in a gym. He is looking upwards with a determined expression, and the barbell is positioned across his chest. The background is dark, with some gym equipment visible.

STRENGTH

CHAIRMAN'S STATEMENT

BUSINESS REVIEW (CONTINUED)

IN-ORBIT SATELLITES

The Group's three in-orbit satellites, AsiaSat 2, AsiaSat 3S and AsiaSat 4, continued to perform well throughout 2007 and delivered excellent service to our customers. At year end, there was a decrease of 14% in the number of transponders leased and sold, including the 4 BSS transponders leased to Skywave TV Company Limited ("Skywave TV") for its Direct to Home ("DTH") services. The drop primarily resulted from the migration of our China video customers to two new China satellites. During the year we expanded our one-stop transmission solutions for our customers and this included a new C-band MCPC platform on AsiaSat 3S to provide video broadcast services to customers from our earth station in Tai Po of Hong Kong. We believe that in such a competitive market, the growth we have achieved reflects our customers' satisfaction with the world-class service levels we provide through our Tai Po Earth Station and the backup facilities available from our Stanley earth station.

SPEEDCAST

On 30 November 2007, AsiaSat completed the acquisition of all the non-AsiaSat owned shareholding interests (approximately 53%) in the then associate of the Company, SpeedCast, at a consideration of approximately HK\$49.3 million. Subsequent to the acquisition, SpeedCast became a wholly-owned subsidiary of AsiaSat. The main business of SpeedCast involves the provision of two-way very small aperture terminal ("VSAT") services and backbone broadband access.

SpeedCast's full year results in 2007 were negatively impacted by the political turbulence in one of its markets, Bangladesh, and it incurred a loss of HK\$4.8 million for the full year in 2007 (2006: profit of HK\$5.2 million) with a turnover of HK\$105 million (2006: HK\$112 million) which represented a marginal reduction of HK\$7 million from the previous year. Although SpeedCast operates in a low margin market segment, it contributed to the Group with its revenue of HK\$38 million in 2007 and a profit of HK\$3.7 million. The company's accounts have been consolidated into the Group's accounts since the company became the Group's subsidiary at the end of August 2007.

SPEED



Speed of delivery is critical. AsiaSat allows immediate access to the Asia-Pacific market, as well as high speed broadband access services powered by its wholly-owned subsidiary, SpeedCast.

SPEED

CHAIRMAN'S STATEMENT

BUSINESS REVIEW (CONTINUED)

SKYWAVE

Skywave TV, the 80%-owned subsidiary of AsiaSat, operates a low cost regional DTH service for Hong Kong, Macau, Taiwan and Southern China. The company currently offers 35 programmes branded family favourites and other premium channels. As the company operates in a highly restrictive and regulated environment, its business remained static and is expected to do so until the market opens up for free competition. For the year 2007, Skywave incurred a loss of some HK\$4.9 million (2006: loss of HK\$4.2 million), of which the Group's share was about HK\$3.9 million (2006: HK\$3.3 million).

BEIJING ASIA

As of 31 December 2007, the Company's investment in Beijing Asia Sky Telecommunications Technology Company Limited ("Beijing Asia") was fully provided for. This provision was made after the Company's consideration of the performance and long-term business outlook of Beijing Asia.

Beijing Asia is our 49% held joint venture in mainland China that provides VSAT services in China. In 2007, turnover of Beijing Asia was HK\$4.5 million (2006: HK\$9.2 million), a substantial decrease of 51% compared with the year before, incurring a loss of HK\$5.9 million (2006: loss of HK\$17.1 million). With the provision mentioned above, AsiaSat's investment in Beijing Asia has been written down to zero at the end of the year (2006: HK\$10 million).

COMPLIANCE

In addition to the listing on the Stock Exchange, the Company was previously listed on the NYSE. Notwithstanding the recent delisting of the ADSs, the Company's registration under the Exchange Act remains currently in effect and the Company continues to comply with its disclosure obligations, including the requirements of Section 404 of the Sarbanes-Oxley Act 2002.

Section 404 states that the internal control report requirement applies to companies filing annual reports with the U.S. Securities and Exchange Commission (the "SEC") under either Section 13(a) or 15(d) of the Exchange Act. Section 404 requires foreign private issuers to evaluate and disclose their conclusions regarding the effectiveness of their internal control over financial reporting and disclosure controls and procedures.

CHAIRMAN'S STATEMENT

COMPLIANCE (CONTINUED)

Section 404 also requires the Company's independent auditors to attest to and report on management's assessment of the Company's internal controls over financial reporting.

The Company requested the independent auditors to conduct an attestation in 2007 and provide a report to be filed with the SEC.

OUTLOOK

As I have reported above, we hope that the turnaround we have been signalling for some time may have arrived but note that it comes at a time when some unsettling economic factors are appearing globally.

Against that background, the economies of Asia have continued to strengthen and this is reflected in the increased rates in certain markets. A general increase in demand for video, the growth of internet protocol television, high definition television ("HDTV"), video to mobile, and DTH services are driving this growth. The approaching 2008 Beijing Olympic Games are also a positive factor.

Recent new capacity, however, continues to exacerbate the existing over-supply in some markets and this will continue to hold back, to some extent, the achievable rate of growth. Nevertheless, it is encouraging that AsiaSat's growing number of blue-chip customers continue to support our premium services and reliability.

Demand in India for more backbone delivery for mobile telephone networks in rural areas is encouraging as governments and service providers in that country and across the region seek to bring communications to the most remote areas. AsiaSat is well positioned to be a partner in this growth.

We are also continuing to see the gradual liberalisation of the regulatory environment in some markets in the region, but there needs to be significant change in certain countries' regulatory environment and a faster introduction of new services. Until these happen, Asian markets will fall further behind Europe and the United States. On the other hand, consolidation is slowly occurring in the satellite market globally and we anticipate that this will help to reduce excess capacity.

COMMITMENT



AsiaSat strives to be Asia's premier satellite services provider by offering customers the highest level of service quality and reliability via its high performance satellite systems and ground facilities.

COMMITMENT

In recognition of our continued efforts to deliver service of the highest standards, AsiaSat received three industry awards for excellence during 2007.

AWARDS



AWARDS

Best Asian Satellite Carrier

Once again voted by Telecom Asia magazine in April 2007

Satellite Communications Service Provider of the Year in Asia Pacific

Voted by Frost & Sullivan in June 2007

Excellent Service Enterprise of China Satellite Application Industry

Presented by China High Tech Industrialisation Association, China Satellite Communication Industry Association and China Satellite Application Forum in November 2007

CHAIRMAN'S STATEMENT

OUTLOOK (CONTINUED)

Industry growth will continue to be driven in the region by the advantages of satellites over terrestrial services, especially for television distribution services and private telecommunications networks. In this environment, AsiaSat is exploring various opportunities to grow, both organically and through acquisitions.

The Group is the market leader in the Asia-Pacific region, is financially robust, debt free, and has world-class customers, operating standards and management.

DIRECTORS AND STAFF

Subsequent to GE becoming a major shareholder, the Company announced the appointment of four new Non-executive Directors to the Board on 29 March 2007. They are: Mr. Ronald J. HERMAN, Jr. (also Deputy Chairman), Mr. John F. CONNELLY, Mr. Mark CHEN and Ms. Nancy KU. On behalf of the Board, I welcome the new Directors and look forward to working with them.

I would also like to thank the former SES appointees to the Board, Mr. Romain BAUSCH, Mr. Mark RIGOLLE and Ms. Cynthia DICKINS, for their contribution to the Company's development.

In conclusion, I would like to congratulate our management and staff and thank them for their dedication and loyalty during the extended period of sluggishness in the Asian satellite market. Throughout those years, our people have upheld AsiaSat's world-class operating standards and reputation, and we are now seeing the results of that work in moving forward as the recognised market leader. The awards for excellence won by AsiaSat in 2007 underscore these achievements and the respect in which the Company has held.

MI Zeng Xin

Chairman

Hong Kong, 12 March 2008

OPERATIONS REVIEW

AWARDS FOR EXCELLENCE

In April 2007, AsiaSat was again voted the “Best Asian Satellite Carrier” in the prestigious Telecom Asia Awards. This accolade was awarded to AsiaSat by a 15-member judging panel of industry professionals and is backed by financial analysis by IDC, one of the world’s leading information and communications technology (“ICT”) research firms. Winners were chosen based on their financial performance, market leadership, technology and corporate governance.

In June 2007, AsiaSat was also named the “Satellite Communications Service Provider of the Year in Asia Pacific” at the Asia Pacific ICT Awards by Frost & Sullivan, a global consulting company. The Frost & Sullivan Asia Pacific ICT Awards are held annually to recognise outstanding performance by companies and individuals in the ICT industry in Asia Pacific. These awards were presented to companies that demonstrated best practices in their industry, commending the diligence, commitment, and innovative business strategies required to advance in the global marketplace.

In November 2007, AsiaSat was also presented the ‘Excellent Service Enterprise of China Satellite Application Industry’ Award by China High Tech Industrialisation Association, China Satellite Communication Industry Association and China Satellite Application Forum, which recognised AsiaSat’s outstanding service quality in the China market.

Recognition by our industry peers is important to us and it continues to underscore the world-class standards the Group strives to deliver both in its product quality and customer service.

MARKET REVIEW

The encouraging increase in regional activity during 2007 after a period of some five years of market stagnation, is most welcome and has been noted by the Chairman.

The period of sluggishness was prolonged by a combination of limited demand on one hand, and increased supply by new satellite launches, on the other. In addition, the satellite sector typically lags behind others in responding to overall shifts in the economy and, together, these factors hindered growth in the market and made it extremely competitive.

OPERATIONS REVIEW

MARKET REVIEW (CONTINUED)

Fortunately, as the Chairman has reported, the situation began to change for the better last year, but the economic concerns that have arisen in the United States and Europe in the early months of 2008 may have a dampening effect globally. This makes it difficult to be certain about the market in the near term.

In the longer term, new applications will certainly drive demand for satellite capacity, as will deregulation, of which there continues to be progress with some governments starting to open up their domestic markets to new satellite delivery services.

NEW SATELLITE CAPACITY

In 2007, six new satellites that serve parts of the Asia Pacific were launched. This increase brought the total number of satellites covering the region to 81. Two of the new satellites are Chinese, two are from India, one is from Japan and one is from Australia. Together, they have added a total of 60 C-band transponders and 56 Ku-band transponders to the region. While much of this new capacity, particularly Ku-band, is designated for national DTH satellite television systems and does not compete directly with AsiaSat's regional business, it does force other satellite operators operating in those markets to look for alternative markets to sell capacity. These operators compete directly with AsiaSat.

SHORT-TERM DEMAND

In the early months of 2008, demand has held up well and the domestic regulatory activities in several markets are also continuing to improve. We noted last year that new DTH services planned for a number of important regions over the next few years are still making progress. However, certain restrictions on foreign ownership prevent them from using non-domestic satellites and this creates a barrier for foreign operators and discourages foreign investment. That said, the overall surplus capacity in the region will continue to be reduced to some extent because the domestic capacity is being absorbed by these new projects.

OPERATIONS REVIEW

MARKET REVIEW (CONTINUED)

MEDIUM TO LONG-TERM DEMAND

We continue to be optimistic for the long term. This is because we believe that many markets will open up to DTH in due course and we are confident that competition, normal commercial forces and consumer demand will force governments into providing access for foreign operators and investment. The outlook for DTH systems in the region is positive and indicates that domestic satellite operators will be unable to meet the future demand for DTH capacity. This will create opportunities for AsiaSat.

As the region develops, its competing television platforms will need a growing supply of high quality content. This too will drive the need for greater satellite capacity to deliver this content to national television systems that may use cable, DTH or Asymmetric Digital Subscriber Line (“ADSL”) to reach their customers’ homes.

Elements of the recent increase in activity have been driven by operators seeking new applications and technologies to differentiate themselves and by their taking on capacity for the 2008 Beijing Olympic Games. By now, most of the Olympic Games’ contracts have been signed, and AsiaSat will play a key role in the broadcast of the Games. Other new technologies are developing, including HDTV, video to mobile, and service bundling. We expect that these applications will all require satellite capacity across Asia.

The inherent strengths of satellite communication and its ability to provide much needed access to and within remote and widespread areas remain unchanged. This places continued pressure on governments to examine the increased use of satellite as they look to support the economic development of geographic areas that lack traditional communications infrastructure.

GROWTH STRATEGIES

Future growth will be built on the Company’s steadfast belief in providing our customers with the highest quality of products and services in the industry. This has been recognised in the awards for excellence noted previously. With this in mind, AsiaSat is expanding to provide value added services from our Tai Po Earth Station. The addition of an MCPC platform on AsiaSat 3S to complement our existing AsiaSat 2 MCPC platform will allow video customers to access the wide viewership of AsiaSat 3S in a more efficient and economical manner. Additionally, more services such as uplinking, fibre backhaul, shared VSAT and turnkey data services will be offered through SpeedCast, our subsidiary, also operating at the Tai Po Earth Station.

OPERATIONS REVIEW

MARKET REVIEW (CONTINUED)

GROWTH STRATEGIES (CONTINUED)

While satellite operator consolidation has been slow to materialise in Asia, AsiaSat continues to look for expansion through possible acquisitions and organic growth. In some cases these objectives can best be achieved by partnerships with operators and service providers in the region.

Maintaining and growing our existing strong customer base is a key objective for the Company. In 2007, AsiaSat's success in this area was based on winning new strategic customers and renewing existing customer contracts by maintaining the highest standards of delivery and service. Although all new contracts were contested, our high quality services enabled us to maintain our premium pricing over our competitors. As in previous years, AsiaSat continued to monitor the balance between contract length and lease rates.

PERFORMANCE REVIEW

The Group again demonstrated a growth in both turnover and profit in the year 2007. Turnover was up by HK\$48 million from the previous year, with the increase contributed partly by the consolidation of the accounts of an acquired subsidiary and partly by our existing business. The profit attributable to equity holders for 2007 increased by HK\$49 million or 11% over the previous year, with the increase primarily contributed by the savings from in-orbit insurance, reduction in bad debt written off, and an increase in interest income.

SATELLITES

NEW SATELLITE – ASIASAT 5

In the 2007 interim report, the Chairman reconfirmed with shareholders that the construction of our new satellite, AsiaSat 5 by Space Systems/Loral, Inc was on schedule, and that there was still to be a delay in the launch vehicle availability that would impact our launch date. The projected schedule at that time would not have provided sufficient time for us to construct and re-launch a replacement satellite in the event of an unsuccessful launch, and the Chairman reported that we were exploring options to ensure the continuity of service to our customers.

OPERATIONS REVIEW

SATELLITES (CONTINUED)

NEW SATELLITE – ASIASAT 5 (CONTINUED)

This year, the Chairman has reiterated in his Statement our satellite replacement practice and delivered the excellent news that the launch vehicle availability can now be brought forward. This should enable us to schedule a launch for AsiaSat 5 in early 2009 or possibly even earlier in the last quarter of 2008, rather than on a significantly later date in 2009. Given the recent developments with the launch date and also the expected retirement of AsiaSat 2, we would now have sufficient time to replace the satellite in the event of a launch failure. Despite this positive development, we continue to monitor the situation carefully.

AsiaSat 5 will replace AsiaSat 2 in advance of that satellite's scheduled retirement in the second quarter of 2011, and will be located at the orbital location of 100.5°E. It will be delivered to its orbit by Sea Launch Company, L.L.C. and will travel aboard a Zenit-3SLB rocket on the Land Launch system from the Baikonur Space Centre in Kazakhstan.

AsiaSat 5 is being built on an SS/L 1300 series satellite platform and will carry 26 C-band and 14 Ku-band transponders, and has an estimated operational life of 15 years. AsiaSat 5's C-band footprint will offer a more powerful pan-Asian coverage than that of AsiaSat 2. Its Ku-band coverage will consist of three high-power beams, two of which will cover East Asia and South Asia, and an in-orbit steerable beam that can be positioned to provide service anywhere within AsiaSat 5's geographic coverage.

IN-ORBIT SATELLITES

Our three in-orbit satellites - AsiaSat 2, AsiaSat 3S, and AsiaSat 4 - performed well throughout 2007 without incident.

All of our satellites are located over the Asian landmass in geostationary positions and this enables us to provide our customers with comprehensive point to multi-point distribution and services throughout the geographically fragmented Pan-Asian region. The high power of our satellites and the range of services combine to give us the unique ability to provide our customers with highly reliable access to 70% of the world's population from a single satellite.

AsiaSat 2, launched in 1995, carries 24 C-band and 9 Ku-band transponders and orbits at 100.5°E. As of 31 December 2007, its overall utilisation rate had marginally decreased to 44% (2006: 47%) primarily due to the relocation of one major customer to AsiaSat 3S at year end.

OPERATIONS REVIEW

SATELLITES (CONTINUED)

IN-ORBIT SATELLITES (CONTINUED)

AsiaSat 3S was launched in 1999 and is located at the 105.5°E slot. It provides 28 C-band and 16 Ku-band transponders and its overall utilisation rate as at 31 December 2007 also decreased, to 62% (2006: 74%), mainly due to migration of our Chinese video customers to two newly launched Chinese satellites namely Sinosat 3 and ChinaSat 6B .

AsiaSat 4, launched in 2003, is positioned at 122.2°E. Its configuration offers 28 C-band and 20 Ku-band transponders including a BSS (Broadcast Satellite Service) payload. Its overall utilisation rate as at 31 December 2007 was reduced to 40% (2006: 48%). The decrease mainly came from migration of a China video customer to new China satellite as mentioned above.

Overall, as at 31 December 2007, the total number of transponders leased and sold for all the three satellites was 61 (2006: 71 transponders), a decrease of 14%; while the overall utilisation rate of the satellites dropped to 49% (2006: 57%). These utilisation rates did not include the transponder capacity leased for occasional service on an ad hoc basis as it is difficult to quantify and translate the occasional use into equivalent transponders. The revenue generated from occasional service amounted to HK\$50 million (2006: HK\$37 million), representing some 5% of the recurring revenue and an increase of more than 35% compared to that of last year.

EARTH STATIONS

TAI PO AND STANLEY

The Group's wholly-owned 5,711 square metre satellite control centre, our Tai Po Earth Station in Hong Kong, operated successfully throughout the year. Our satellite fleet is controlled and monitored from Tai Po's six full performance antennas, four 7.3 metre antennas, one 6.3 metre antenna, and one 11.3 metre antenna.

Our Tai Po Earth Station is backed up by the Stanley Tracking, Telemetry, and Control Station, which is connected to Tai Po by duplicated identical leased circuits. This twin system enables us to provide the unmatched level of service and reliability that we commit to our customers. We are also able to offer a range of value-added services including MCPC platforms, uplink and back-up services.

The Stanley Control Station has seven full performance antennas, one of 5 metres, three of 6 metres, one of 9 metres, and two of 11 metres. This redundant facility allows our satellites to be fully controlled from Stanley in the unlikely event of an outage at our primary control centre in Tai Po.

OPERATIONS REVIEW

CONTRACTS ON HAND

As at 31 December 2007, the Group had a contracted backlog of HK\$2,130 million (2006: HK\$2,644 million), a decline of HK\$514 million. The reduction resulted in part from the migration of China video customers to new China satellites, reduced values of contracts on renewals reflecting the acutely competitive pricing, and new leases for shorter durations. This is in accordance with our strategy of limiting the contract terms until lease rates firm up. The shorter contract terms have a negative impact on the overall contract backlog but it is expected that the backlog figure will improve when the new higher rates and longer contract terms start to take effect.

OPERATING LICENCES

NON-DOMESTIC TELEVISION LICENCE

The Group continues to hold two Non-domestic Television Programme Service licences issued by the Hong Kong Broadcasting Authority, one of which is that of Skywave. The Company uses the second licence to operate its MCPC platforms from the Tai Po Earth Station offering value-added and cost saving services to broadcast customers by providing them with an existing MCPC platform.

FIXED CARRIER LICENCE

AsiaSat obtained a fixed carrier licence from the Office of the Telecommunications Authority of Hong Kong in May 2004 and this has been maintained. This licence permits us to provide television broadcast and telecommunications uplink services to our satellites and to provide back-up services for our customer, STAR, in the event of an emergency at its facilities.

BUSINESS DEVELOPMENT

In 2007 there were several developments of note:

In June 2007, AsiaSat announced the signing of a collaboration agreement with IndiaSign Pvt. Ltd., India's leading broadcast services provider and systems integrator to jointly launch a C-band MCPC platform on AsiaSat 2's pan-Asian coverage beam. It will use a full 36 MHz C-band transponder and will provide customers with a comprehensive and lower-cost alternative to broadcasting video in a single channel per carrier configuration through IndiaSign's teleport in New Delhi.

OPERATIONS REVIEW

BUSINESS DEVELOPMENT (CONTINUED)

In addition to eliminating customers' needs to purchase their own MCPC platforms, the entire power of the transponder is used, thus enabling the deployment of smaller receiver dishes, resulting in savings to the end user. This will offer premier broadcasters a one-stop transmission solution to distribute television and radio services to cable and satellite networks, terrestrial stations, hotels and individual home viewers across Asia and Australasia.

Our other initiatives include:

- a contract with US entertainment network E! Entertainment Television Inc. to distribute the company's network regionally through an MCPC platform on AsiaSat 2's wide C-band beam operated from our Tai Po Earth Station;
- a lease with Al-Dawri & Al-Kass Sports Channel of Qatar for an Arabic language sports channel for the region;
- a lease with Total Media Limited of Pakistan for the use of C-band capacity on AsiaSat 3S to distribute WIKKID Plus. This is Pakistan's first indigenous children's channel, offering programmes across Pakistan and 50 other countries in AsiaSat 3S's footprint;
- a distribution contract for High Definition (HD) and Standard Definition (SD) versions of LUXE.TV that is operated by Satlink Communications Ltd. in the Middle East region across Asia via AsiaSat 2's powerful C-band digital platform. LUXE.TV is the world's first international network focusing on luxury lifestyle that is fully produced in HD; and
- the launch of a full transponder C-band MCPC technology platform to provide video, audio, data and IP-based broadcast services on AsiaSat 3S at our Tai Po Earth Station.

OPERATIONS REVIEW

ASSOCIATE AND SUBSIDIARY COMPANIES

SPEEDCAST

On 30 November 2007, AsiaSat completed the acquisition of all the non-AsiaSat owned (approximately 53%) shareholding interests in the then associate of the Company, SpeedCast, for a consideration of approximately HK\$49.3 million. Subsequent to the acquisition, SpeedCast became a wholly-owned subsidiary of AsiaSat.

The full year 2007 revenue of SpeedCast was HK\$105 million, down slightly from the revenue reported in 2006 (2006: HK\$112 million). The decline was due to unforeseen political developments in a few key markets. The reduction in revenue had a corresponding effect on profit and the Company incurred a loss of HK\$4.8 million for 2007 (2006: profit of HK\$5.2 million).

SpeedCast contributed HK\$38 million to the Group's turnover since it first became a subsidiary at the end of August 2007. The profit generated for this period was HK\$3.7 million.

SpeedCast, now seen as a leader in the industry in Asia, has hubs in Hong Kong, Malaysia, and Indonesia, and these facilities enable the company to offer comprehensive services to key regional markets. The company's core businesses are the provision of two-way and backbone broadband access, and the company is also taking advantage of a growing demand for video to mobile services.

SpeedCast is a customer of AsiaSat and up to the end of August 2007, when still in the capacity of an associate, SpeedCast contributed some HK\$32.4 million (2006: HK\$46 million) to AsiaSat from leasing transponder capacity.

SKYWAVE

Skywave provides its customers with a variety of 35 television channels to authorised subscribers in the AsiaSat 4 BSS coverage area and operates under a Hong Kong Non-domestic Television Programme Service licence. Skywave's niche service offers high quality content to customers in its designated service areas, which cannot be satisfied by cable. Skywave and its joint venture partners provide a comprehensive platform offering hardware distribution, product promotion, customer service and subscriber management.

Skywave operates in a highly competitive market and its strategy is based on low cost, subscriber flexibility, high quality Chinese language programmes, and the creation of market discriminators. Its packages address individual viewing preferences and discriminators in different markets within the satellite coverage area.

OPERATIONS REVIEW

ASSOCIATE AND SUBSIDIARY COMPANIES (CONTINUED)

SKYWAVE (CONTINUED)

The Skywave Info Channel and Skywave website offer platforms to promote its service, authorise new subscriptions, design and test new content, and keep customers abreast of current and future developments. Our investment in the company is long-term, and we do not anticipate that Skywave will be in a position to contribute positively to AsiaSat's results in the near term. Until changes in regulations governing the reception of DTH services become clear, management predicts only a slow to moderate growth in subscriber numbers and revenue.

BEIJING ASIA

Beijing Asia was formed in October 2004 and is a joint venture in which the Company holds a 49% interest. Beijing Asia provides satellite-based telecommunications network consultancy and technical support to customers in China. It also provides government institutions and major corporations with corporate data networks, data broadcasting services, and a trial telephony network connecting remote sites in China using VSAT technology.

During 2007, Beijing Asia continued to sustain losses. AsiaSat has continued with its steps to completely provide for its investment in this venture. The total impact on AsiaSat in 2007 was HK\$11 million.

AUSPICIOUS COLOUR

Auspicious Colour Limited ("Auspicious Colour") is a wholly-owned subsidiary of the Company and holds a Non-Domestic Television Programme Service licence. Auspicious Colour provides a one-stop service that combines the provision of satellite capacity and uplink service to broadcasters.

Peter Jackson

Chief Executive Officer

Hong Kong, 12 March 2008

CORPORATE GOVERNANCE REPORT

STATEMENT

In the interest of shareholders, the Company is committed to high standards of corporate governance and is devoted to identifying and formalising best practices. The Company is in compliance with the requirements of local and relevant overseas regulators in this regard.

Throughout 2007, the Group applied the principles and complied with the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”) with certain deviations as outlined below.

The Directors acknowledge that they are responsible for overseeing the preparation of accounts for each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows for that period. In preparing the accounts for the year ended 31 December 2007, the Directors have:

- selected suitable accounting policies and applied them consistently;
- appropriately adopted all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which are in conformity with the International Financial Reporting Standards (“IFRSs”); and
- made judgments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted all the provisions in the CG Code with the following exception:

The CG Code provides that a majority of the members of the Remuneration Committee should be Independent Non-executive Directors (“INEDs”). However, the Remuneration Committee is composed of three members, of whom one is an INED and the other two are Non-executive Directors (“NEDs”). The Committee is chaired by the INED. It is logical to have a small Remuneration Committee as it allows open, frank and very focused discussions. Strict compliance with the CG Code would have the Committee consist of at least five members, implying that all the INEDs and close to half of the NEDs would have to participate in the Committee so as to maintain the balance of input from the major shareholders’ representatives.

CORPORATE GOVERNANCE REPORT

DIRECTORS' SECURITIES TRANSACTIONS: IN RESPECT OF MODEL CODE (APPENDIX 10)

The Company has adopted procedures governing Directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiry by the Company that they fully complied with the Model Code throughout the year 2007.

THE COMPANY

The Company is listed on the Stock Exchange and the majority of its shares are held by a private company, Bowenvale Limited ("Bowenvale"), incorporated in British Virgin Islands, with a 68.74% holding. Both GE and CITIC have equal voting rights in Bowenvale, and in turn, enjoy equal voting rights in the Company. Under the shareholders' agreement of Bowenvale, CITIC and GE are each entitled to appoint, and remove, up to four directors to, or from, the Board of the Company. Each of CITIC and GE also owns shares in the Company through another investment vehicle, pursuant to the Mandatory General Offers, details of which are set out in the Management Discussion and Analysis.

BOARD OF DIRECTORS

COMPOSITION AND ROLE

The Board is currently composed of 13 members: eight appointed by the shareholders of Bowenvale, CITIC and GE, as NEDs; three INEDs; and two Executive Directors, who are also the Chief Executive Officer and the Deputy Chief Executive Officer of the Company.

The Chairman and the Deputy Chairman of the Board are appointed by CITIC and GE from one of their nominated directors, and the posts are rotated biennially between CITIC and GE.

Pursuant to the requirement in the Listing Rules, the Company has received a written confirmation from each INED of his independence to the Company. The Company considers all of the INEDs to be independent.

The Board is scheduled to meet on a quarterly basis and additional Board meetings are held if and when required. The Board also holds private sessions at least once per year without the presence of management.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS (CONTINUED)

COMPOSITION AND ROLE (CONTINUED)

The Board deals with strategic and policy issues and approves corporate plans, budgets and monitors the performance of the management. The day-to-day operation of the Company is delegated to the management. The Board has established a framework of corporate governance and is supported by three committees, the Audit Committee, the Nomination Committee and the Remuneration Committee, each of which has its own charter covering its authorities and duties. The Chairmen of these committees report regularly to the Board on the matters discussed. The Board has also established a Business Development Committee which reviews strategic business initiatives.

The role of the Chairman and the Chief Executive Officer are segregated and not exercised by the same individual. For the current term (2007-2008), Mr. MI Zeng Xin acts as Chairman, Mr. Ronald J. HERMAN, Jr. as Deputy Chairman, and Peter JACKSON acts as Chief Executive Officer.

The Chairman of the Board is a NED, and is responsible for the leadership and effective running of the Board, and ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner. The Chief Executive Officer is delegated with the authority and is responsible for running the Group's business, and implementation of the Group's strategy in achieving the overall commercial objectives.

All the INEDs and NEDs are appointed for a specific term of three years and are subject to retirement, rotation and re-election at the Company's AGM. Each of the Board members has confirmed that they are totally unrelated to each other and with the Senior Management in every aspect including financial, business, or family.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

The following table summarises the attendance of individual Directors and committee members in 2007:

| | Meetings attended / held in 2007 | | | |
|--|----------------------------------|-----------------|------------------------|----------------------|
| | Board | Audit Committee | Remuneration Committee | Nomination Committee |
| Number of meetings | 4 | 2 | 3 | 1 |
| | Attendance | Attendance | Attendance | Attendance |
| DIRECTORS | | | | |
| NEDs | | | | |
| MI Zeng Xin | 4 | | | 1 |
| Ronald J. HERMAN, Jr. ⁽¹⁾ (appointed on 29 March 2007) | 3 | | | 1 |
| John F. CONNELLY ⁽¹⁾ (appointed on 29 March 2007) | 3 | | | |
| Mark CHEN ⁽¹⁾ (appointed on 29 March 2007) | 3 | 1 | | |
| Nancy KU ⁽¹⁾ (appointed on 29 March 2007) | 3 | | 3 | |
| DING Yu Cheng | 4 | | | |
| JU Wei Min | 4 | 1 | 3 | |
| KO Fai Wong | 4 | | | |
| Romain BAUSCH ⁽²⁾ (resigned on 29 March 2007) | 0 | | | |
| Cynthia DICKINS ⁽²⁾ (resigned on 29 March 2007) | 1 | | | |
| Mark RIGOLLE ⁽²⁾ (resigned on 29 March 2007) | 0 | 0 | | |

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES (CONTINUED)

| | Meetings attended / held in 2007 | | | |
|--|----------------------------------|-----------------|------------------------|----------------------|
| | Board | Audit Committee | Remuneration Committee | Nomination Committee |
| Number of meetings | 4 | 2 | 3 | 1 |
| | Attendance | Attendance | Attendance | Attendance |
| DIRECTORS | | | | |
| INEDs | | | | |
| Edward CHEN | 3 | 1 | | 1 |
| James WATKINS | 4 | 1 | 3 | |
| Robert SZE | 4 | 2 | | |
| Executive Directors | | | | |
| Peter JACKSON (Chief Executive Officer) | 4 | | | |
| William WADE (Deputy Chief Executive Officer) | 4 | | | |
| Average attendance rate | 89.77% | 58.33% | 100% | 100% |

(1) The GE Directors were appointed after the first Board meeting of the Company in 2007.

(2) The SES Directors resigned after the first Board meeting of the Company in 2007.

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

The Remuneration Committee is established as a committee of the Board. The Remuneration Committee:

- (i) formulates the remuneration policies and guidelines for the Board's approval;
- (ii) ensures that the remuneration offered is appropriate and is in line with market practice;
- (iii) considers and reviews:
 - a. the remuneration packages of the Executive Directors;
 - b. pay and conditions for other employees below the Executive Director level; and
 - c. emoluments of the INEDs and NEDs prior to approval of award by the Board before the commencement of each financial year.

CORPORATE GOVERNANCE REPORT

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES (CONTINUED)

The Remuneration Committee shall have the sole authority to:

- (i) retain or terminate consultants to assist the Remuneration Committee in the evaluation of Director, Chief Executive Officer or senior executives' compensation;
- (ii) determine the terms of engagement and the extent of funding necessary for payment of compensation to any consultant retained to advise the Remuneration Committee.

The Remuneration Committee is composed of three members, of whom one is an INED and the other two are NEDs. The Committee is chaired by the INED. The Remuneration Committee is scheduled to meet at least once a year. It also holds private sessions without the presence of management.

The following is a summary of the work of the Remuneration Committee in 2007:

- (i) commissioned an independent consultant to:
 - a. complete the compensation packages for Directors and senior executives;
 - b. review the bonus system that is commensurate with the practice in Hong Kong for a dual-listed company; and
 - c. develop the methodology for calculating cash bonuses and long-term incentive arrangements;
- (ii) reviewed the compensation report from the independent consultant and made recommendations to the Board; and
- (iii) approved a share award scheme for the benefit of designated employees of the Company.

The Group has established a performance-based appraisal system. The present remuneration package consists of salaries, housing benefits (applicable to certain grades of employees), performance bonuses, share awards (applicable to certain grades of employees) and fringe benefits that are compatible with the market. The basis of determining the emoluments payable to the Directors is a market survey included in the independent consultant's report.

Particulars of the share award scheme are set out in note 15 to the Consolidated Financial Statements.

CORPORATE GOVERNANCE REPORT

NOMINATION OF DIRECTORS RELATING TO APPOINTMENT AND REMOVAL OF DIRECTORS

The Nomination Committee is established as a committee of the Board. The Nomination Committee :

- (i) identifies individuals qualified to become Board members (consistent with criteria approved by the Board);
- (ii) selects, or recommends to the Board the Directors to be the nominees for the next annual meeting of shareholders;
- (iii) develops and recommends to the Board a set of corporate governance guidelines applicable to the Company;
- (iv) oversees the evaluation of the Board and management; and
- (v) develops the succession planning of the Chief Executive Officer.

The following is a summary of the work of the Nomination Committee in 2007:

- (i) for Directors who are due for re-election at the AGM in 2008, the Nomination Committee recommended these Directors' appointments to be approved at the AGM;
- (ii) considered the appointment of Mr. Ronald J. HERMAN, Jr as Deputy Chairman and NED to the Board;
- (iii) considered the appointment of Mr. John F. CONNELLY, Mr. Mark CHEN and Ms. Nancy KU as NEDs to the Board;
- (iv) reviewed the succession planning of senior executives of the Company; and
- (v) oversaw the self-assessment of the Board and its committees.

The Nomination Committee has the sole authority to:

- (i) retain and terminate a search firm to be used to identify Director candidates;
- (ii) retain other professionals to assist it with any background checks; and
- (iii) approve the search firm's and such other professionals' fees and retention terms.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

The fees incurred and described below for 2007 were as follows:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--------------------|--------------------------------|-------------------|
| Audit Fees | 1,707 | 1,775 |
| Audit-related Fees | — | 12 |
| Tax Fees | 161 | 85 |
| All Other Fees | 40 | 115 |
| | <hr/> 1,908 <hr/> | <hr/> 1,987 <hr/> |

AUDIT FEES

The aggregate fees incurred by the Group for professional services rendered by the Auditors for the audit or review of the Group's financial statements, which includes the audit of internal controls over financial reporting in compliance with the requirements of Section 404 of the Sarbanes-Oxley Act 2002.

AUDIT-RELATED FEES

The aggregate fees incurred by the Group for assurance and related services by the Auditors that are reasonably related to the performance of the audit or review of the Group's financial statements and are not otherwise reported under the paragraph entitled "Audit Fees" above.

TAX FEES

The aggregate fees incurred by the Group for professional services rendered by the Auditors for tax compliance, tax advice and tax planning.

ALL OTHER FEES

The aggregate fees incurred by the Group for products and services provided by the Auditors, other than for services described in the paragraphs above.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE

The primary objective of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to:

- (i) the accounting and financial reporting processes of the Group, including the integrity of the financial statements and other financial information provided by the Group to its shareholders, the public, and Stock Exchanges;
- (ii) the Group's compliance with legal and regulatory requirements;
- (iii) the independent auditors' qualifications and independence;
- (iv) the audit of the Group's financial statements and of the effectiveness of internal control over financial reporting; and
- (v) the performance of the Group's internal audit function and independent auditors.

The members of the Audit Committee assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, and satisfying themselves as to the effectiveness of the internal controls of the Group and the adequacy of the external and internal audits.

The Audit Committee shall have the sole authority and responsibility to:

- (i) select, evaluate and, where appropriate, replace the independent auditors (or to nominate the independent auditors for shareholders' approval);
- (ii) approve all audit engagement fees and terms and all non-audit engagements with the independent auditors; and
- (iii) perform such other duties and responsibilities set forth in any applicable independence and regulatory requirements. The Audit Committee may consult with management, including the Chief Financial Officer and the personnel responsible for the internal audit function, but shall not delegate these responsibilities.

CORPORATE GOVERNANCE REPORT

INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. This system is designed to provide reasonable assurance on the efficiency and effectiveness of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The Board conducted a review of the Group's internal control system for the year ended 31 December 2007, including financial, operational and compliance control, and risk management functions. The Board assessed the effectiveness of internal control by considering reviews performed by both internal and external auditors.

The Internal Auditor follows a risk-and-control-based approach. A three-year internal audit plan is formulated in a risk-weighted manner so that priority and appropriate audit frequency is given to areas with higher risks. The Internal Auditor performs regular financial and operational reviews on the Group in addition to satisfying the requirements of management in complying with Section 404 of the Sarbanes-Oxley Act of 2002. The audit findings and control weaknesses, if any, are reported to the Audit Committee at the end of the year. The Internal Auditor monitors the follow-up actions agreed upon in response to its recommendations.

RESOURCES

The Audit Committee shall have the authority to retain independent legal, accounting and other consultants to advise the Audit Committee. The Audit Committee may request any officer or employee of the Company or the Company's outside counsel or independent auditors to attend a meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

FUNDING

The Audit Committee shall determine the extent of funding necessary for payment of:

- (i) compensation to the Independent Auditors engaged for the purpose of preparing or issuing an Audit Report or performing other audit, review or attest services for the Company;
- (ii) compensation to any independent legal, accounting and other consultants retained to advise the Audit Committee, and
- (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties.

CORPORATE GOVERNANCE REPORT

COMPOSITION

The Audit Committee comprises five members, three of whom are INEDs who satisfy independent, financial literacy and experience requirements, whilst the other two members are NEDs and have only observer status with no voting rights. The Committee is chaired by an INED, who possesses appropriate professional qualifications and experience in financial matters.

The following is a summary of the work of the Audit Committee in 2007:

- (i) reviewed the financial statements and reports for the year ended 31 December 2006 and for the six months ended 30 June 2007;
- (ii) reviewed the effectiveness of the internal control system and of internal control over financial reporting in conjunction with management, internal audit and the Independent Auditors;
- (iii) reviewed the Independent Auditors' statutory audit plan and the letters of representation;
- (iv) considered and approved the 2007 audit fees;
- (v) considered and approved the non-audit services fees for the Group;
- (vi) reviewed the "Continuing Connected Transactions" set forth on pages 60 and 61 prior to the review and confirmation by the Board;
- (vii) reviewed the accounting principles and practices adopted by the Group and the Consolidated Financial Statements for the year ended 31 December 2007 in conjunction with the Group's Independent Auditors; and
- (viii) conducted a private session with the Independent Auditors.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

FINANCIAL REPORTING

The Group recognises that high quality corporate reporting is important in reinforcing the trustworthy relationship with the Company's shareholders and aims at presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects in all corporate communications. The annual and interim results of the Group are announced in a timely manner within the limits of four and three months respectively after the end of the relevant periods.

INTERNAL CONTROL

System and procedures

The Board acknowledges its responsibility to ensure that a sound and effective internal control system is maintained, which includes a defined management structure with specified limits of authority to:

- (i) achieve business objectives and safeguard assets against unauthorised use or disposition;
- (ii) ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication; and
- (iii) ensure compliance with the relevant legislations and regulations.

The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, manage rather than eliminate risks of failure in operational systems, and to ensure achievement of the Group's objectives.

Annual assessment

In 2007, the Board, through its Audit Committee, conducted a review of the Group's internal control system, including financial, operational and compliance control, and risk management functions. To formalise the annual review of the internal control system, the Audit Committee made reference to the requirements of the relevant regulatory bodies. The Audit Committee is of the view that, in general, the Group has set up a sound control environment and implemented an effective system of internal control.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT (CONTINUED)

INTERNAL CONTROL (CONTINUED)

Grievances and whistle-blowing policies

The Group has established defined procedures for handling employees' complaints and grievances and alerts of wrongdoings. Recommendations on improvements can be channelled to the respective department heads or escalated to the Chief Executive Officer. If the complaint is about the Chief Executive Officer or a Director, the employee can report directly to the Chairman.

To encourage employees to raise concerns about internal malpractice without hesitation, the Group has also established the whistle-blowing policy, with embedded procedures for reporting such matter internally direct to the Chairman of the Audit Committee, who will review the reported complaint and decide how the investigation should be conducted.

SHAREHOLDER RELATIONS

The Board recognises its accountability to shareholders for the performance and activities of the Company and attaches considerable importance to the effectiveness of its communications with shareholders. To this end, an Investor Relations Section has been established as part of the Company's website, www.asiasat.com, to provide information to shareholders about the Company. This is in addition to other corporate communications with shareholders, such as circulars, notices, announcements, interim reports and annual reports, copies of which can also be found in the Company's website.

The interim report and annual report contain a full Financial Review and an Operations Review together with sections on Corporate Governance and a Management Discussion and Analysis.

The AGM is the principal forum for direct dialogue with shareholders at which shareholders are invited to ask questions on the Company's operations or financial information.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RELATIONS (CONTINUED)

At the AGM, shareholders can vote on each proposed resolution by a show of hands (unless otherwise required by the Listing Rules). All issues to be considered by shareholders will be proposed at the general meeting as separate resolutions. There are provisions in the Bye-laws where:

- (i) the Chairman of the meeting;
- (ii) or at least three members present in person or by proxy being entitled to vote at the meeting;
- (iii) or any member or members present in person or by proxy being and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting;
- (iv) or a member or members present in person or by proxy holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid on all the shares conferring that right;

may demand for a poll.

Independent scrutineers are appointed to count the number of votes cast at a general meeting whether on a show of hand or on a poll.

GUIDELINES ON CONDUCT

The Company periodically issues notices to its Directors and employees reminding them that there is a general prohibition on dealing in the Company's listed securities during the blackout periods before the announcement of the interim and annual results.

The Company has a Code of Business Conduct and Ethics available on its website, www.asiasat.com.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

OVERALL PERFORMANCE

The Group achieved a profit attributable to equity holders of HK\$503 million (2006: HK\$454 million), an increase of HK\$49 million or 11% over the prior year. This improvement was mainly attributable to an increase in interest income and savings in satellite insurance expenses.

SALES

Sales for the year marginally increased to HK\$939 million (2006: HK\$930 million). The sales in 2006 included a one time receipt of HK\$50 million for early termination of a contract, compared to HK\$11 million in 2007. By excluding the effect of one time receipts, the 2007 revenue increased by HK\$48 million, resulting from the acquisition of a subsidiary during the second half of the year that contributed HK\$38 million to the Group's revenue, and HK\$10 million from our existing business.

COST OF SERVICES

Cost of services of HK\$403 million (2006: HK\$411 million) represented a decrease of HK\$8 million. The reduction was due mainly to savings in the in-orbit insurance but the inclusion of cost of services of a newly acquired subsidiary has offset the effect of the reduction.

OTHER GAINS

Other gains of HK\$109 million (2006: HK\$93 million) mainly arose from interest income on short-term deposits.

ADMINISTRATIVE EXPENSES

Administrative expenses were HK\$78 million (2006: HK\$94 million), a decrease of HK\$16 million or 17%. The decrease was mainly due to a reduction in bad debt written off.

FINANCE COSTS

In 2007, there were minimal finance costs incurred (2006: minimal) mainly related to the finance lease entered by a subsidiary.

SHARE OF LOSS OF ASSOCIATES

The share of loss from associates was HK\$11 million (2006: HK\$8 million).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW (CONTINUED)

INCOME TAX EXPENSE

A significant portion of the Group's profit is treated as earned outside of Hong Kong and is not subject to Hong Kong Profits Tax. Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profit for the year. The Group's effective tax rate for the year was approximately 9.7%.

Overseas tax is calculated at approximately 5% to 20% of the gross revenue earned in certain overseas jurisdictions. The Group currently has a tax case with the Indian tax authority. Further details are set out in note 32 to the consolidated financial statements.

FINANCIAL RESULTS ANALYSIS

The financial results are highlighted below:

| | | 2007 | 2006 | % Increase |
|--|----------|-------|-------|------------|
| Sales | HK\$M | 939 | 930 | 1% |
| Profits attributable to equity holders | HK\$M | 503 | 454 | 11% |
| Dividend | HK\$M | 153 | 137 | 12% |
| Capital and reserves | HK\$M | 4,807 | 4,427 | 9% |
| Earnings per share | HK cents | 129 | 116 | 11% |
| Dividend per share | HK cents | 39 | 35 | 11% |
| Dividend cover | Times | 3 | 3 | — |
| Return on equity | % | 10 | 10 | — |
| Net assets per share – book value | HK cents | 1,229 | 1,133 | 8% |

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal use of capital during the year under review was the payment of dividends, profits tax, capital expenditure related to the construction of AsiaSat 5 and acquisition of a subsidiary. These payments were financed through cash flow generated from operating activities.

Cash flow generated from operating activities was more than sufficient to meet these payments. The Group generated a net cash inflow of HK\$309 million (2006: HK\$344 million) and remained debt free in 2007.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL STRUCTURE

FUNDING AND TREASURY POLICY

The Group adopts conservative treasury policies and exercises tight control over its cash and risk management. Cash is generally placed on short-term deposits denominated in U.S. Dollars to meet its payments. The Hong Kong Dollar is pegged to the U.S. Dollar at the exchange rate of HK\$7.80 to US\$1.00. The exchange movement has been kept within a narrow band. Therefore, the Group does not have any significant currency exposure.

FINANCIAL INSTRUMENTS FOR HEDGING

Since almost all the revenue of the Group is in U.S. Dollars there is no need to hedge its liabilities, which are also substantially denominated in U.S. Dollars.

FOREIGN CURRENCY INVESTMENT

The Group does not have any material investment in currencies other than in U.S. Dollars or Hong Kong Dollars.

ORDER BOOK

As at 31 December 2007, the value of contracts on hand amounted to HK\$2,130 million (2006: HK\$2,644 million), the majority of which will be realised over the next few years. Almost all the contracts are denominated in U.S. Dollars. The decline in backlog was attributable in part to migration of China video customers to two new China satellites, reduced values of contracts on renewals reflecting the acutely competitive pricing, and new leases for shorter durations. Neither the Company nor its customers were willing to make long-term commitments in the current market conditions and in view of the uncertainty on price movement.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS, THEIR PERFORMANCE AND FUTURE PROSPECTS

SPEEDCAST

SpeedCast, in which the Company's shareholding increased from approximately 47% at the end of 2006 to 100% via the completion of two acquisitions on 31 August 2007 and 30 November 2007 respectively, provides broadband, multimedia and corporate broadcast services to customers in countries across Asia and beyond. The results of SpeedCast have been fully consolidated into the Group's results since 31 August 2007.

For the first eight months of 2007, the turnover of SpeedCast was HK\$67 million (2006: HK\$112 million for the full year). The company also had a loss of HK\$8.5 million (2006: HK\$5.2 million profit for full year) for the period.

As at 31 December 2007, SpeedCast has become a subsidiary and is fully consolidated in our financial statements.

BEIJING ASIA

Beijing Asia, a joint venture of the Company in Beijing in which AsiaSat holds a 49% shareholding, provides satellite-based telecommunication networks, consultancy and technical support services to customers in China. Beijing Asia provides government institutions and major corporations with corporate data networks, data broadcasting services, and a trial telephony network connecting the remotest sites in China using VSAT technology.

Beijing Asia commenced operation in October 2004. For the year under review, the company incurred a loss of approximately HK\$5.9 million (2006: HK\$17.1 million), of which, AsiaSat's share was approximately HK\$2.9 million (2006: HK\$8.4 million).

As at 31 December 2007, the book value of the investment in Beijing Asia has been fully provided for (2006: HK\$10 million).

It was decided that the Company's investment in Beijing Asia should be provided for based on the performance and long term outlook for the business of this company.

MANAGEMENT DISCUSSION AND ANALYSIS

SIGNIFICANT INVESTMENTS, THEIR PERFORMANCE AND FUTURE PROSPECTS (CONTINUED)

SKYWAVE

Skywave, in which the Company holds an 80% interest, operates a low cost DTH platform to serve the markets of Hong Kong, Taiwan, Macau and Southern China.

Operating under a Hong Kong Non-domestic Television Programme Service licence, Skywave offers a variety of some 35 full time TV channels to authorised subscribers in the AsiaSat 4 broadcast satellite service (“BSS”) coverage areas. Skywave is a niche service offering quality content throughout the region to customers not readily served by cable. Working through its joint venture partners, the Skywave platform provides a comprehensive offering from hardware distribution and product promotion, to customer service and subscriber management.

For the year 2007, Skywave incurred a loss of approximately HK\$4.9 million (2006: HK\$4.2 million), of which the Company’s share was about HK\$3.9 million (2006: HK\$3.3 million).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

On 31 August 2007 and 30 November 2007, AsiaSat acquired an aggregate of approximately 53% shareholding interests in SpeedCast, at a total consideration of approximately HK\$49.3 million. Subsequent to the acquisitions, SpeedCast became a wholly-owned subsidiary of AsiaSat. Details of the acquisitions are set forth in Note 30 of the Consolidated Financial Statements.

CHANGE IN MAJOR SHAREHOLDERS AND PROPOSED PRIVATISATION

During the year ended 2007, the Company has undergone a major shareholder change. After the completion of an exchange transaction with the transfer of shares between GE and SES S.A. on 29 March 2007 (“Exchange Transaction”), GE became a major shareholder of the Company with a beneficial interest of approximately 34.03%.

CITIC, AsiaSat’s founding shareholder, remained as the other major shareholder with a 34.71% of the issued share capital of the Company. The two shareholders have equal voting rights in the Company, through Bowenvale, which was indirectly wholly-owned by CITIC and GE.

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGE IN MAJOR SHAREHOLDERS AND PROPOSED PRIVATISATION (CONTINUED)

On 13 February 2007, in connection with the shareholder change, a privatisation proposal for the Company (“Proposed Privatisation”) was announced by AsiaCo Acquisition Limited (“AsiaCo”), which is indirectly wholly-owned by CITIC and GE. One of the conditions for the Proposed Privatisation was an approval by the United States Department of State. On 23 April 2007, the United States Department of State refused to grant the necessary approval. Given the failure to obtain such approval, AsiaCo decided to cancel the Proposed Privatisation and announced Mandatory General Offers (“MGO”), as required by the Hong Kong Takeovers Code.

The closure of the MGO on 26 June 2007 resulted in the beneficial shareholding of CITIC and GE increasing to 74.43% in the Company, with the remaining 25.57% shareholding held by the public. Taking account of the shares acquired in the MGO, CITIC and GE are now beneficially interested in 37.59% and 36.84% respectively of the issued share capital of the Company.

COMPETITION IN CHINA

Since the announcement by the Company on 2 August 2007 of the reports on the successful launch of two satellites in China, namely Sinosat 3 and ChinaSat 6B, and thus the possibility of Chinese television broadcasters in China switching their transmission of programmes to these new satellites, the Company has received notices of termination from its China video customers. The overall amount of reduction in the backlog resulting from the termination amounted to HK\$82 million.

SEGMENT INFORMATION

The turnover of the Group, analysed by business segments and location of customers, is disclosed in note 5 to the consolidated financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2007, the Group had 142 (2006: 102) permanent staff, including 14 in the Beijing Representative Office. The increase in employees primarily came from the subsidiary acquired during the year.

The Group considers its human resources as one of its most valuable assets. The talent pool that the Group draws from overlaps with the telecommunications, information technology and some high-tech equipment vendor industries.

The Group has established a performance based appraisal system. The present remuneration package consists of salaries, housing benefits (applicable to certain grades of employees), discretionary bonuses, and fringe benefits that are compatible with the market.

The Group has reviewed its remuneration scheme during the year. On 22 August 2007, the Board approved the establishment of a share award scheme (the "Scheme"), having previously approved the creation of such a scheme in principle in 2005. The objective of the Scheme is to enhance the competitiveness of AsiaSat in attracting and retaining the best senior staff for the development of the Company's business. Under the Scheme, shares of the Company (the "Award Shares") will be granted to eligible employees of the Company or any of its subsidiaries. Any Award Shares so granted will vest after a certain period or lapse under certain circumstances as set out in the Scheme rules. The Company has appointed Equity Trust (Jersey) Limited to be the trustee to purchase and hold the Award Shares upon trust to facilitate the servicing of the Scheme for the benefit of the eligible employees.

The Group does not operate an in-house regular training programme. However, the Group does provide ad hoc training on new developments or facilities and sponsors employees to attend external vocational training that is relevant to the discharge of their duties and their career progression.

CHARGES ON GROUP ASSETS

As at 31 December 2007, there were no charges on any of the Group's assets.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in note 34 to the consolidated financial statements.

As at 31 December 2007, the Group had total capital commitments of HK\$795 million (2006: HK\$1,107 million), of which HK\$503 million (2006: HK\$810 million) was contracted for but not provided in the financial statements, and the remaining HK\$293 million (2006: HK\$297 million) was authorised by the Board but not yet contracted.

GEARING RATIO

As at 31 December 2007, the Company remained debt free. Therefore, gearing ratio was not applicable.

EXCHANGE RATES AND ANY RELATED HEDGES

During the year, almost all of the Group's revenues, premiums for satellite insurance coverage and capital expenditure were denominated in U.S. Dollars. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. As at 31 December 2007, almost all the Group's transponder utilisation agreements, transponder purchase agreements, and obligations to purchase equipment were denominated in U.S. Dollars. Thus, the Group does not have any significant currency exposure and does not need to hedge against currency fluctuation.

CONTINGENT LIABILITIES

Particulars of the Group's contingent liabilities are set out in note 32 to the consolidated financial statements.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

MI Zeng Xin, aged 57, was appointed a Non-executive Director of the Company on 28 February 2001. Since then, he acted as Deputy Chairman (2001–2002), Chairman (2003–2004), and Deputy Chairman (2005–2006) of the Board on a rotational basis, biennially. For the current term (2007–2008), he acts as Chairman. He is an Executive Director and Vice President of CITIC. Prior to his appointment to the present position, he held executive management positions with various subsidiaries of CITIC and was the Chief Executive Officer of CITISTEEL in the United States from 1992 to 1997. He is also Chairman of the Board of CITIC USA Holdings, CITIC Australia Pty Limited and Karazhanbasmunai JSC and an Executive Director of CITIC Resources Holdings Limited in Hong Kong. He joined CITIC in 1985 and holds a Master of Science degree.

Ronald J. HERMAN, Jr., aged 45, is the President and CEO of GE Commercial Finance – Equity, and Vice President of GECC. Since May 2003, Mr. Herman has been the President and CEO of GE Commercial Finance – Equity. Prior to this role, Mr. Herman spent 10 years, starting in January 1993, in GE’s headquarters as General Manager of Mergers and Acquisitions. Mr. Herman has worked for GE for 24 years, his entire business career. Mr. Herman also serves as a director of ValueVision Media, Inc. (also known as ShopNBC TV).

DING Yu Cheng, aged 42, was appointed a Non-executive Director of the Company on 15 January 1999. He was the Assistant President of CITIC Securities Company Limited and was with the company from April 1998 to September 2004. CITIC Securities Company Limited is a subsidiary of CITIC engaging in securities and investment banking business. He has been an Independent Non-executive Director of SEEC Media Group Limited since June 2005. He holds a Master of Business Administration degree from the University of Pittsburgh and a Doctor of Philosophy degree in Economics from Tsinghua University.

JU Wei Min, aged 45, was appointed a Non-executive Director of the Company on 12 October 1998. He is the Director and Chief Financial Officer of CITIC. He is also a Non-executive Director of CITIC International Financial Holdings Limited and a director of CITIC Ka Wah Bank. He holds a Bachelor degree and Master’s degree in Economics.

KO Fai Wong, aged 59, was appointed a Non-executive Director of the Company on 11 March 2004. He is the Deputy General Manager of CITIC United Asia Investments Limited, a wholly-owned subsidiary of CITIC in Hong Kong and has over 20 years’ experience in banking and finance before joining CITIC. He holds a Bachelor and a Master’s degree in Business Administration.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS (CONTINUED)

John F. CONNELLY, aged 64, served with GE for over 38 years in a variety of positions. From 1992 to 2001 he served as Chairman and CEO of GE Americom, Inc., which was subsequently sold to SES. In 2001 he was named Vice Chairman of SES, a position he held until March 2007.

Mark CHEN, aged 33, is the Managing Director of GE Commercial Finance – Equity, Asia Pacific. Since June 2006, Mr. Chen has been the business leader and subsequently Managing Director, Asia Pacific of GE Commercial Finance – Equity. Prior to this role, Mr. Chen held positions as an Associate, Assistant Vice President, Vice President and Senior Vice President in GE Commercial Finance – Equity. Mr. Chen has worked for GE for seven years.

Nancy KU, aged 51, is the President and CEO, Asia Pacific of GE Commercial Finance – Corporate Financial Services and has held this position since March 2006. Prior to this role, Ms. Ku was the Managing Director, Asia Pacific of GE Equity. Ms. Ku has worked for GE for nine years.

Professor Edward CHEN, G.B.S., C.B.E., J.P., aged 63, has been an Independent Non-executive Director of the Company since May 1996. He was educated at Hong Kong University (Bachelor of Arts, Master of Social Science) and Oxford University (Doctor of Philosophy) and was the President of Lingnan University in Hong Kong and retired from this position in 2007. He was a member of the Executive Council of Hong Kong from 1992 to 1997 and Chairman of the Consumer Council from 1991 to 1997. He is now Chairman of the Press Council, a Director of First Pacific Company Limited, a Trustee of Eaton Vance Management Funds (Boston), and a director of The Wharf (Holdings) Limited.

James WATKINS, aged 62, was appointed an Independent Non-executive Director of the Company on 30 June 2006. He qualified as a solicitor in 1969 and was for 20 years a Partner in Linklaters, a leading international English law firm. From 1997 to 2003, he was a Director and General Counsel of the Jardine Matheson Group in Hong Kong. He is a non-executive director of a number of Hong Kong and overseas listed companies. He holds a degree in Law from The University of Leeds, United Kingdom.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS (CONTINUED)

Robert SZE, aged 67, has been an Independent Non-executive Director of the Company since May 1996. He is a fellow of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants. He was a partner in an international firm of accountants with which he practised for over 20 years, and is a non-executive director of a number of Hong Kong listed companies.

Peter JACKSON, aged 59, has been an Executive Director and the Chief Executive Officer of the Company since May 1996, having served in that position with AsiaSat since July 1993 prior to the listing of the Company. He has over 31 years' experience in the telecommunications field. Prior to his appointment as the Chief Executive Officer in 1993, he was employed by Cable & Wireless plc where he held engineering, marketing and management positions and was responsible for several satellite telecommunications ventures.

He is a Non-executive Director of Daum Communications Group, a company that is listed in Korea. He has also served on Board of the Cable & Satellite Broadcasting Association of Asia (CASBAA) in various positions since 1997 and is currently the Treasurer.

William WADE, aged 51, has been an Executive Director and the Deputy Chief Executive Officer of the Company since May 1996, having served in that position with AsiaSat since April 1994 prior to the listing of the Company. He has over 23 years' experience in the satellite and cable television industry. He speaks Mandarin and holds a Bachelor of Arts (Honours) degree in Communications from the University of Utah and a Master of International Management degree from Thunderbird – School of Global Management.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Catherine CHANG, aged 40, is Legal Counsel of the Company. She joined AsiaSat in 1994 and established the legal department to manage the legal affairs of the Company. Prior to joining the Company, she was a solicitor at Ebsworth & Ebsworth, an Australian law firm. She graduated from the University of New South Wales, Australia, with a Bachelor's degree in Law and a Bachelor's degree in Commerce, majoring in Accountancy.

Liqun CHEN, aged 57, is AsiaSat's General Manager, China, in which capacity he is responsible for marketing transponder capacity and managing customer relations in the China market. He was on secondment to AsiaSat from his employer, CITIC, from 1989 and became a permanent employee of AsiaSat in January 1997. He graduated with a Master's Degree in Business Administration from the University of Leuven in Belgium and a Bachelor of Science degree in Electronics and Industrial Automation from Tsinghua University, China.

Dr. Ya Hui CHIU, aged 58, is AsiaSat's General Manager, Operations, in which capacity he is responsible for maintaining and operating the Company's satellites. He has 24 years' experience in telecommunications engineering and operations, with the last 21 years being in the satellite communications area. He received his Bachelor of Science degree from the National Taiwan University and his M. Phil and Ph.D. degrees from Yale University, all in Physics.

Sabrina CUBBON, aged 46, is AsiaSat's General Manager, Marketing, in which capacity she is responsible for sales and marketing, business development, corporate affairs and market research. She has over 23 years of marketing experience in the telecommunications industry. Prior to joining AsiaSat in August 1992, she was employed by Case Communications, a Hong Kong company, between 1987 and 1992 as Regional Manager Asia-Pacific responsible for the sales and marketing activities to multinational clients. She graduated from the University of Manchester, United Kingdom, with a Master's Degree in Electronic and Electrical Engineering, specialised in cryptography. She is also a Non-executive Director of our subsidiary, Skywave TV Company Limited.

Barry TURNER, aged 61, was AsiaSat's General Manager, Engineering, until his retirement on 31 December 2007. He joined AsiaSat in 1997 as Deputy General Manager of Engineering and was appointed to his present position in May 1998. He has 34 years of experience in the satellite communications industry and has held senior and executive management positions in engineering and in sales and marketing at Telesat Canada, and in strategic planning at TMI Communications Inc. He holds a Bachelor's degree in Electrical Engineering from the Technical University of Nova Scotia, Canada, and a Master's Degree in Business Administration from the University of Ottawa, Canada.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT (CONTINUED)

Sue YEUNG, aged 44, was appointed AsiaSat's General Manager, Finance and Administration, and the Secretary of the Company on 1 January 2007. She is a member of the Institute of Chartered Accountants in England and Wales. In 1993, she joined British Telecommunications (HK) Limited ("BT") and held various senior positions including Chief Financial Officer of Smartone in 1999, when BT acquired an equity interest in Smartone. Subsequently, she joined Wavcome Asia Pacific Limited, a company listed in Paris and NASDAQ, as the Regional Finance Director for the Asia Pacific region. Prior to joining AsiaSat, she was the Regional Chief Financial Officer of Pearson Education Asia Limited with the overall responsibilities of its Asia Operations. She holds a Bachelor of Science Degree in Chemical Engineering from London University and is a fellow member of Hong Kong Institute of Certified Public Accountants.

SPEEDCAST LIMITED

Pierre-Jean BEYLIER, aged 38, was appointed since July 2004 as the Chief Executive Officer of SpeedCast Limited, an indirectly wholly-owned subsidiary of the Company. Mr. Beylier has led the sales and marketing activities of SpeedCast Limited since 2000. He has over 15 years of international sales and marketing experience. Prior to joining SpeedCast Limited, Mr. Beylier held various sales and marketing positions with Rhodia, a company listed in Paris, and gained experience in consumer marketing from working at Black and Decker France. He graduated from the Lyon School of Management and holds a Master's Degree in Business Administration from the University of Southern California.

DIRECTORS' REPORT

The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2007.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in note 9 to the consolidated financial statements.

An analysis of the Group's performance for the year by business and geographical segments is set out in note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated income statement on page 69.

The Directors recommend the payment of a final dividend of HK\$0.31 per ordinary share, totalling HK\$0.39.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 70.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK\$20,000.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 7 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 15 to the consolidated financial statements.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

Distributable reserves of the Company at 31 December 2007, calculated under section 79B of the Companies Ordinance, amounted to HK\$398,167,000 (2006: HK\$394,017,000).

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws and there is no requirement for such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 143.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

SHARE OPTION SCHEME

Until 26 June 2007, the Company operated a share option scheme adopted on 25 January 2002 ("Share Option Scheme") under which employees were granted share options for the subscription of ordinary shares in the Company. Pursuant to the MGO by the Company's major shareholders in May 2007, share options that were not exercised or surrendered under the MGO share option offer lapsed on the closing date of the MGO offers on 26 June 2007 and no further share options have been issued under such scheme from this date onwards. The Board also decided that, after the adoption of the Share Award Scheme as described hereunder, no further share options will be granted under the Share Option Scheme.

DIRECTORS' REPORT

SHARE AWARD SCHEME

The Company adopted the Scheme on 22 August 2007 ("Adoption Date"). Pursuant to this Scheme, Award Shares are granted to eligible employees of the Company each year on the grant date until the tenth anniversary from the Adoption Date. The Company shall also pay cash to the appointed trustee company for its acquisition and holding upon trust of the Award Shares for the benefit of eligible employees. The Award Shares will then be transferred to the eligible employees upon vesting. The number of shares to be awarded under this Scheme throughout its duration shall not exceed 3% of the total issued shares of the Company as at the Adoption Date.

Details of the Scheme and the shares awarded thereunder are set out in note 15 to the consolidated financial statements.

Apart from the Share Option Scheme and the Scheme, at no time during 2007 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any body corporate.

DIRECTORS

The directors who held office during the year and up to the date of this report were:

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

MI Zeng Xin

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ronald J. HERMAN, Jr. (appointed on 29 March 2007)

Romain BAUSCH (resigned on 29 March 2007)

NON-EXECUTIVE DIRECTORS

DING Yu Cheng

JU Wei Min

KO Fai Wong

John F. CONNELLY (appointed on 29 March 2007)

Mark CHEN (appointed on 29 March 2007)

Nancy KU (appointed on 29 March 2007)

Cynthia DICKINS (resigned on 29 March 2007)

Mark RIGOLLE (resigned on 29 March 2007)

DIRECTORS' REPORT

DIRECTORS (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward CHEN

James WATKINS

Robert SZE

EXECUTIVE DIRECTORS

Peter JACKSON (Chief Executive Officer)

William WADE (Deputy Chief Executive Officer)

With effect from completion of the Exchange Transaction on 29 March 2007, Mr. Romain BAUSCH, Mr. Mark RIGOLLE and Ms. Cynthia DICKINS, the SES appointees to the Board, resigned as NEDs of the Company. Mr. Romain BAUSCH and Mr. Mark RIGOLLE also resigned as Deputy Chairman and member of the Remuneration Committee respectively. The Company also announced the appointment of four new NEDs to the Board, they are Mr. Ronald J. HERMAN, Jr. (also Deputy Chairman), Mr. John F. CONNELLY, Mr. Mark CHEN and Ms. Nancy KU.

In accordance with Bye-law 110(A) of the Company's Bye-laws, Mr. Peter JACKSON, Mr. William WADE, Mr. Edward CHEN, Mr. Robert SZE and Mr. JU Wei Min will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

All INEDs and NEDs are appointed for a specific term of three years and are subject to retirement, rotation and re-election at the Company's AGM in accordance with the Company's Bye-laws.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

Mr. Peter JACKSON, an Executive Director and the 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 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 three-year period.

Mr. William WADE, an Executive Director and the 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 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 two-year period.

As the contracts were signed before 31 December 2003, no shareholders' approval is required in accordance with the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company, any of its fellow subsidiaries or its parent company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on page 48.

DIRECTORS' REPORT

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND / OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2007, the Directors and the chief executives had the following interests in the shares and underlying shares of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

| | | Number of shares / underlying shares held | | | | | | Total | % of the Issued Share Capital of the Company |
|---------------|-----------------|---|------------------|---------------------|------------------------------|---------------------------|-----------------|---------|--|
| | | Personal interests | Family interests | Corporate interests | Trusts and similar interests | Persons acting in concert | Other interests | | |
| Directors | | | | | | | | | |
| Peter JACKSON | Long positions | 319,784 | - | - | - | - | - | 319,784 | 0.08 |
| | Short positions | - | - | - | - | - | - | - | - |
| William WADE | Long positions | 87,472 | - | - | - | - | - | 87,472 | 0.02 |
| | Short positions | - | - | - | - | - | - | - | - |
| James WATKINS | Long positions | 50,000 | - | - | - | - | - | 50,000 | 0.01 |
| | Short positions | - | - | - | - | - | - | - | - |

At no time during the year was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its parent Company a party to any arrangement to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated companies.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND / OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 31 December 2007, according to the register required to be kept under Section 336 of the SFO and information otherwise reported to the Company, the following persons held an interest of 5% or more in the shares of the Company:

| Name | Capacity | Long or short position | No. of ordinary shares in the Company | % |
|------------------------------|------------------------------------|------------------------|---------------------------------------|-------|
| Bowenvale Limited | Beneficial owner | Long position | 268,905,000 | 68.74 |
| 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 |
| 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 | 268,905,000 ⁽³⁾ | 68.74 |
| 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. AsiaCo is a company owned as to 50% (voting interest) by Able Star (defined below), a wholly-owned subsidiary of 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, and 50% (voting interest) by GE Capital Equity Investments, Inc. ("GE Equity") an indirectly wholly-owned subsidiary of General Electric Company ("GE"). Accordingly, Able Star, CITIC Asia, CITIC Projects, CITIC Group, GE Equity, and GE are deemed to be interested in the 22,269,695 shares of the Company held by AsiaCo.
- (2) Able Star Associates Limited ("Able Star") controls 50% of the voting rights of Bowenvale Limited ("Bowenvale"). Able Star is wholly-owned by CITIC Asia which in turn is wholly-owned by CITIC Projects, a wholly-owned subsidiary of CITIC Group. Accordingly, Able Star, CITIC Asia, CITIC Projects and CITIC Group are deemed to be interested in the 268,905,000 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 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 268,905,000 shares of the Company held by Bowenvale.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

DIRECTORS' REPORT

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2007, the total revenue from the Group's five largest customers represented 39% of the Group's total revenue and the total revenue from the Group's largest customer represented 24% of the Group's total revenue. The total amount of purchases attributable to the Group's five largest suppliers was less than 30% of the total purchases.

For the year ended 31 December 2007, none of the Directors, their associates or, so far as the Directors are aware, any shareholder of the Company that, to the knowledge of the Directors, is interested in more than 5% of the issued share capital of the Company, had any interest in any of the Group's five largest customers.

CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 35 to the consolidated financial statements also constituted connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules and the Company have been entered into and for which relevant announcements had been made by the Company in prior year in accordance with the requirements of the Listing Rules.

Under the two transponder utilisation agreements which had been entered into with CITIC Guoan, there was no revenue realised by the Group from these agreements in 2007 (2006: HK\$1,424,000). In addition, under the agreement entered into by the Group with CITIC Technology Company Limited, a subsidiary of CITIC, on 26 April 2002 (as amended on 23 June 2003 and 25 June 2003) for collecting money from China customers on behalf of the Company, the Group recognised an agency fee of approximately HK\$454,000 (2006: HK\$564,000) during the year. In addition to the above, the Group made payments to SES and its subsidiary, a subsidiary of CITIC and a subsidiary of GE, amounting to HK\$100,000 (2006: HK\$525,000), HK\$500,000 (2006: HK\$500,000), and HK\$401,000 (2006: nil) respectively, for certain NEDs representing SES, CITIC and GE.

DIRECTORS' REPORT

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

The INEDs confirmed that the transactions were entered into by the Group in the ordinary course of its business and on normal commercial terms, and in accordance with the terms of the agreements governing such transactions.

Based on the work performed, the Auditors of the Company have confirmed that the above continuing connected transactions (a) have been approved by the Board of Directors of the Company; (b) have been entered into in accordance with the terms of the relevant agreements governing the transactions; and (c) have not exceeded the caps allowed by the Stock Exchange in the previous waiver.

CONNECTED TRANSACTION

On 25 October 2007, AsiaSat entered into an agreement to purchase from TVG Phoenixnet Investment Limited its entire shareholding of 27.99% in SpeedCast, a non wholly-owned subsidiary of the Company, at a consideration of approximately US\$3.36 million (approximately HK\$26.19 million) in cash, which was funded by the internal resources of the Group. The conducting of this connected transaction was a step towards finalising the strategic goal of the Company in simplifying the structure of SpeedCast to allow more flexible funding to support further expansion of its business. Upon completion of the transaction on 30 November 2007, the shareholding of AsiaSat in SpeedCast increased from 72.01% to 100%, and SpeedCast became a wholly-owned subsidiary of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to, and within the knowledge of, the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares as at 12 March 2008.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

On 8 January 2008, the Company announced its intention to voluntarily delist its ADSs from the NYSE and terminate its ADRs program, and the delisting became effective on 28 January 2008.

The Company has considered the costs and benefits of maintaining the listing of its ADSs on NYSE and believes that delisting is in the best interests of shareholders, considering the relatively low participation in the ADR program and the associated costs and administrative expenses.

In addition, the Company believes that the continuing listing of its ordinary shares on the Hong Kong Stock Exchange will provide sufficient ongoing liquidity to its shareholders. Notwithstanding the delisting of the ADSs, AsiaSat's registration under the Exchange Act remains currently in effect and the Company continues to comply with its disclosure obligations.

AUDITORS

The consolidated financial statements have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

Sue YEUNG

Company Secretary

Hong Kong, 12 March 2008

A U D I T C O M M I T T E E R E P O R T

The Audit Committee (the “Committee”) has five members, three of whom are INEDs and two are NEDs with observer status and no voting rights.

The Committee oversees the financial reporting process. In this process, management is responsible for the preparation of Group’s financial statements including the selection of suitable accounting policies. Independent auditors are responsible for auditing and attesting to Group’s financial statements and evaluating, the Group’s system of internal controls including the effectiveness of internal control over financial reporting. The Committee oversees the respective work of management and external auditors to endorse the processes and safeguards employed by them. The Committee reports to the Board on its findings after each Committee meeting.

The Committee reviewed and discussed with management and independent auditors the 2007 consolidated financial statements included in the 2007 Annual Report. In this regard, the Committee had discussions with management with regard to new, or changes in, accounting policies as applied and significant judgments affecting the Group’s financial statements. The Committee also received reports and met with the independent auditors to discuss the general scope of their audit work (including the impact of changes in accounting policies as applied), and their assessment of Group’s internal controls.

Based on these reviews and discussions and the report of the independent auditors, the Committee recommended to the Board of Directors approval of the consolidated financial statements for the year ended 31 December 2007, with the Independent Auditor’s Report thereon.

The Committee also reviewed and recommended to the Board of Directors approval of the unaudited financial statements for the first six months of 2007, prior to public announcement and filing.

AUDIT COMMITTEE REPORT

The Committee recommended to the Board that the shareholders be asked to re-appoint PricewaterhouseCoopers as the Group's independent auditors for 2008.

MEMBERS OF THE AUDIT COMMITTEE

Robert SZE (Chairman)

Edward CHEN

James WATKINS

JU Wei Min (Non-voting)

Mark CHEN (Non-voting)

Hong Kong, 12 March 2008

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CONSOLIDATED BALANCE SHEET

| | | As at 31 December | |
|--|------|-------------------|------------------|
| | Note | 2007 HK\$'000 | 2006 HK\$'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 2,677,951 | 2,630,847 |
| Leasehold land and land use rights | 6 | 23,032 | 23,616 |
| Intangible assets | 8 | 40,082 | 1,276 |
| Unbilled receivable | | 156,135 | 171,047 |
| Interests in associates | 10 | — | 10,057 |
| Amount paid to tax authority | 11 | 167,291 | 154,911 |
| Total non-current assets | | 3,064,491 | 2,991,754 |
| Current assets | | | |
| Inventories | 13 | 3,650 | 354 |
| Trade and other receivables | 12 | 183,431 | 119,647 |
| Cash and cash equivalents | 14 | 2,288,433 | 1,979,457 |
| Total current assets | | 2,475,514 | 2,099,458 |
| Total assets | | 5,540,005 | 5,091,212 |
| EQUITY | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Ordinary shares | 15 | 39,120 | 39,027 |
| Reserves | | | |
| – Retained earnings | | 4,623,187 | 4,272,591 |
| – Proposed final dividend | 28 | 121,271 | 105,372 |
| – Other reserves | 16 | 19,269 | 4,614 |
| | | 4,802,847 | 4,421,604 |
| Minority interests | | 4,141 | 4,933 |
| Total equity | | 4,806,988 | 4,426,537 |

CONSOLIDATED BALANCE SHEET

| | | As at 31 December | |
|--|------|-------------------|------------------|
| | Note | 2007 HK\$'000 | 2006 HK\$'000 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Deferred income tax liabilities | 19 | 189,048 | 191,739 |
| Deferred revenue | 17 | 118,211 | 142,624 |
| Obligations under finance leases | 18 | 104 | — |
| Other payables | | — | 1,770 |
| Total non-current liabilities | | 307,363 | 336,133 |
| Current liabilities | | | |
| Construction payables | | 70,238 | 1,736 |
| Other payables and accrued expenses | | 112,115 | 96,495 |
| Deferred revenue | 17 | 153,417 | 153,101 |
| Obligation under finance lease | 18 | 101 | — |
| Current income tax liabilities | | 89,662 | 77,089 |
| Dividend payable | | 121 | 121 |
| Total current liabilities | | 425,654 | 328,542 |
| Total liabilities | | 733,017 | 664,675 |
| Total equity and liabilities | | 5,540,005 | 5,091,212 |
| Net current assets | | 2,049,860 | 1,770,916 |
| Total assets less current liabilities | | 5,114,351 | 4,762,670 |

The notes on pages 72 to 139 are an integral part of these consolidated financial statements.

BALANCE SHEET

| | | As at 31 December | |
|--|------|-------------------|------------------|
| | Note | 2007 HK\$'000 | 2006 HK\$'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Investments in subsidiaries | 9 | 431,143 | 429,054 |
| Capital contribution to Share Award Trust | 9 | 6,000 | — |
| Total non-current assets | | 437,143 | 429,054 |
| Current assets | | | |
| Amount due from a subsidiary | | 20,702 | 9,971 |
| Other receivables, deposits and prepayments | | 2,280 | 2,126 |
| Total current assets | | 22,982 | 12,097 |
| Total assets | | 460,125 | 441,151 |
| EQUITY | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Ordinary shares | 15 | 39,120 | 39,027 |
| Reserves | | | |
| – Retained earnings | | 6,025 | 3,964 |
| – Proposed final dividend | 28 | 121,271 | 105,372 |
| – Other reserves | | 288,737 | 289,295 |
| Total equity | | 455,153 | 437,658 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables and accrued expenses | | 4,605 | 3,420 |
| Current income tax liabilities | | 367 | 73 |
| Total liabilities | | 4,972 | 3,493 |
| Total equity and liabilities | | 460,125 | 441,151 |

The notes on pages 72 to 139 are an integral part of this financial statement.

CONSOLIDATED INCOME STATEMENT

| | | Year ended 31 December | |
|---|------|-------------------------|------------------|
| | Note | 2007 HK\$'000 | 2006 HK\$'000 |
| Sales | 5 | 939,273 | 929,902 |
| Cost of services | 21 | (403,067) | (410,640) |
| Gross profit | | 536,206 | 519,262 |
| Other gains – net | 20 | 109,456 | 92,793 |
| Administrative expenses | 21 | (77,671) | (94,585) |
| Operating profit | | 567,991 | 517,470 |
| Finance costs | 23 | (45) | (152) |
| Share of losses of associates | | (11,078) | (8,391) |
| Profit before income tax | | 556,868 | 508,927 |
| Income tax expense | 24 | (53,953) | (55,522) |
| Profit for the year | | 502,915 | 453,405 |
| Attributable to: | | | |
| – equity holders of the Company | | 503,397 | 454,009 |
| – minority interests | | (482) | (604) |
| | | 502,915 | 453,405 |
| Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK\$ per share) | | | |
| – basic | 27 | 1.29 | 1.16 |
| – diluted | 27 | 1.29 | 1.16 |
| Dividends | 28 | 152,566 | 136,593 |

The notes on pages 72 to 139 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 | Share premium | Shares held under Share Award Scheme | Share-based Payment Reserve | Retained earnings | Total | Minority Interests | Total |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Balance at 1 January 2006 | 39,027 | 4,614 | — | — | 4,060,547 | 4,104,188 | 5,537 | 4,109,725 |
| Profit for the year | — | — | — | — | 454,009 | 454,009 | (604) | 453,405 |
| Final dividend relating to 2005 | — | — | — | — | (105,372) | (105,372) | — | (105,372) |
| Interim dividend relating to 2006 | 28 | — | — | — | (31,221) | (31,221) | — | (31,221) |
| | | | | | 317,416 | 317,416 | (604) | 316,812 |
| Balance at 31 December 2006 | 39,027 | 4,614 | — | — | 4,377,963 | 4,421,604 | 4,933 | 4,426,537 |
| Balance at 1 January 2007 | | | | | | | | |
| as per above | 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 | 30(a) | — | — | — | — | — | 3,000 | 3,000 |
| Acquisition of additional interest in a subsidiary | 30(b) | — | — | — | — | — | (3,310) | (3,310) |
| Proceeds from shares issued: | | | | | | | | |
| – Employees share option scheme | | 93 | 13,252 | — | — | 13,345 | — | 13,345 |
| Shares held under Shares Award Scheme | | — | — | (686) | — | (686) | — | (686) |
| Share-based payment | | — | — | 2,089 | — | 2,089 | — | 2,089 |
| Final dividend relating to 2006 | 28 | — | — | — | (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 | (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 |

The notes on pages 72 to 139 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

| | | Year ended 31 December | |
|--|------|------------------------|------------------|
| | Note | 2007 HK\$'000 | 2006 HK\$'000 |
| Cash flows from operating activities: | | | |
| Cash flow from the operations | 29 | 681,555 | 752,062 |
| – Hong Kong Profits Tax paid | | (33,267) | (40,260) |
| – Overseas tax paid | | (10,849) | (13,268) |
| Cash flows from operating activities - net | | 637,439 | 698,534 |
| Cash flows used in investing activities: | | | |
| – Purchase of property, plant and equipment | | (261,286) | (306,736) |
| – Purchase of intangible assets | | (291) | (97) |
| – Acquisition of a subsidiary, net of cash acquired | 30 | (43,490) | — |
| – Interest received | | 100,672 | 88,747 |
| – Proceeds from disposal of property, plant and equipment | | 215 | 76 |
| Cash flows used in investing activities – net | | (204,180) | (218,010) |
| Cash flows used in financing activities: | | | |
| – Proceeds from issue of shares under employee share option scheme | | 13,345 | — |
| – Purchases of shares under share award scheme | | (686) | — |
| – Repayment of obligations under finance lease | | (34) | — |
| – Interest paid | | (6) | — |
| – Dividends paid | 28 | (136,902) | (136,593) |
| Cash flows used in financing activities – net | | (124,283) | (136,593) |
| Net increase in cash and cash equivalents | | 308,976 | 343,931 |
| Cash and cash equivalents at beginning of the year | | 1,979,457 | 1,635,526 |
| Cash and cash equivalents at end of the year, representing bank balances and cash | 14 | 2,288,433 | 1,979,457 |

The notes on pages 72 to 139 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.

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.

The Company’s shares are listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited (hereafter collectively referred to as the “Stock Exchange”).

These consolidated financial statements have been approved for issue by the Board of Directors on 12 March 2008 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

New standards and amendments to published standards

The following new standards, amendments to standards and interpretations are mandatory for the financial year ended 31 December 2007:

- HK(IFRIC) – Int 7, ‘Applying the Restatement Approach under IFRS/HKFRS 29’, effective for annual periods beginning on or after 1 March 2006. This interpretation is not relevant for the Group;
- HK(IFRIC) – Int 8, ‘Scope of IFRS/HKFRS 2’, effective for annual periods beginning on or after 1 May 2006. The Group has adopted this interpretation and had no material impact on the Group’s result of operations and financial position for the current and prior years. Accordingly, no prior year adjustment has been recognised;
- HK(IFRIC) – Int 9, ‘Reassessment of Embedded Derivatives’, effective for annual periods beginning on or after 1 June 2006. This interpretation is not relevant for the Group;
- HK(IFRIC) – Int 10, ‘Interim Financial Reporting and Impairment’, effective for annual periods beginning on or after 1 June 2006. The Group has adopted this interpretation and has not reversed any impairment loss recognised in a previous interim period in respect of the goodwill or an investment in either an equity instrument or a financial asset carried at cost;
- HKFRS 7, ‘Financial Instruments: Disclosures’, effective for annual periods beginning on or after 1 January 2007. The Group has applied this new reporting standard and the financial statements include expanded disclosures about the significance of the Group’s financial statements and the nature and extent of risks arising from these instruments in addition to that previously required by HKAS 32, ‘Financial Instruments – Disclosures and Presentation’. The adoption of this standard had no material effect on the results of the operations and financial position of the Group for the current and prior years;
- HKAS 1, ‘Amendments to capital disclosures’, effective for annual periods beginning on or after 1 January 2007. This amendment has been adopted by the Group; and
- Amendment to HKAS 19, ‘Actuarial gains and losses, group plans and disclosures’, effective for annual periods beginning on or after 1 January 2006. This amendment is not relevant for the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 BASIS OF PREPARATION (CONTINUED)

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2007 and have not been early adopted:

- HKAS 23 (Revised), 'Borrowing Costs', effective for annual periods beginning on or after 1 January 2009;
- HKFRS 8, 'Operating Segments', effective for annual periods beginning on or after 1 January 2009;
- HK(IFRIC) – Int 11, 'HKFRS 2 – Group and Treasury Share Transactions', effective for annual periods beginning on or after 1 March 2007;
- HK(IFRIC) – Int 12, 'Service Concession Arrangement', effective for annual periods beginning on or after 1 January 2008;
- HK(IFRIC) – Int 13, 'Customer Loyalty Programmes', effective for annual periods beginning on or after 1 July 2008; and
- HK(IFRIC) – Int 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', effective for annual periods beginning on or after 1 January 2008.

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 financial statements of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Inter-company 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 CONSOLIDATION (CONTINUED)

(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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 difference 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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% |

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 DEFERRED INCOME TAX

Deferred income tax is provided in full, 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, if the deferred income tax 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, it is not accounted for. 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 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 and jointly controlled entities, 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2 types of equity-settled, share-based compensation plans namely share option scheme and share award scheme.

The Group grants the share options to the employees (and including directors) to acquire shares of the Company at specific exercise prices under share options schemes. 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 2007, there are no options outstanding.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 EMPLOYEE BENEFITS (CONTINUED)

(b) Share-based compensation (continued)

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 share purchased is recognised in equity as treasury stock. 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 to be expensed on a straight line basis over the vesting period is determined by reference to the fair value of the awarded shares on the grant date.

At each balance sheet date, the entity revises its estimates of the number of share option 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 cost of performance-based bonus 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 bonus are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 upon 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 REVENUE RECOGNITION (CONTINUED)

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.

2.18 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.

2.19 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 and cash flow interest-rate 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 U.S. Dollars. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. At 31 December 2007 almost all the Group's transponder utilisation agreements, transponder purchase agreement, obligations to purchase telemetry, tracking and control equipment were denominated in U.S. 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 31(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 31(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 31(c).

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

(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 35% of its total assets as of 31 December 2007 (2006: 42%). 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").

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONTINUED)

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

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 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SALES AND SEGMENT INFORMATION

(A) SALES:

The Group's sales is analysed as follows:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|------------------|------------------|
| Income from provision of satellite transponder capacity | | |
| – recurring | 859,542 | 850,425 |
| – non-recurring | 11,700 | 49,911 |
| Sales of satellite transponder capacity | 24,491 | 24,491 |
| Income from provision of broadband access service and sale of equipment | 38,225 | — |
| Other revenue | 5,315 | 5,075 |
| | 939,273 | 929,902 |

(B) SEGMENT INFORMATION:

(i) Business segments

For the year ended 31 December 2006, the Group had one business segment which was the provision of satellite telecommunication systems for broadcasting and telecommunication. The Group has chosen geographical segment as the primary reporting format under HKAS 14 “Segment Reporting”.

During the year, the Group acquired a subsidiary which is primarily engaged in the provision of broadband access services. Accordingly, the Group has changed the primary reporting segments and selected business segment as the primary report format 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 telecommunications; and
- provision of broadband access services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SALES AND SEGMENT INFORMATION (CONTINUED)

(B) SEGMENT INFORMATION (CONTINUED) :

(i) Business segments (continued)

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

| | 2007 | 2007 | 2007 | 2007 |
|---------------------------------|---|---------------------------------|-----------------------------|----------------|
| | Provision of satellite telecommunication systems for broadcasting and telecommunication | Broadband access services | Intersegment elimination | Consolidated |
| | HK\$'000 | HK\$'000 | HK\$'000 | 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 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SALES AND SEGMENT INFORMATION (CONTINUED)

(B) SEGMENT INFORMATION (CONTINUED) :

(i) Business segments (continued)

| | 2006 | 2006 | 2006 | 2006 |
|------------------------------------|---|---------------------------------|-----------------------------|----------------|
| | Provision of satellite telecommunication systems for broadcasting and telecommunication | Broadband access services | Intersegment elimination | Consolidated |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Sales from external customers | 924,827 | — | — | 924,827 |
| Other revenue | 5,075 | — | — | 5,075 |
| Total | 929,902 | — | — | 929,902 |
| Segment results | 517,470 | — | — | 517,470 |
| Finance costs | (152) | — | — | (152) |
| Share of losses of associates | (8,391) | — | — | (8,391) |
| Profit before income tax | 508,927 | — | — | 508,927 |
| Income tax expenses | (55,522) | — | — | (55,522) |
| Profit for the year | 453,405 | — | — | 453,405 |
| Attributable to : | | | | |
| – equity holders of the Company | 454,009 | — | — | 454,009 |
| – minority interests | (604) | — | — | (604) |
| | 453,405 | — | — | 453,405 |
| Assets | 5,091,212 | — | — | 5,091,212 |
| Liabilities | 664,675 | — | — | 664,675 |
| Capital Expenditure | 307,540 | — | — | 307,540 |
| Depreciation and amortisation | 297,758 | — | — | 297,758 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SALES AND SEGMENT INFORMATION (CONTINUED)

(B) SEGMENT INFORMATION (CONTINUED) :

(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.

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---------------------------------|--------------------------------|------------------|
| Hong Kong | 323,299 | 341,567 |
| Greater China, including Taiwan | 173,940 | 194,831 |
| United States of America | 66,523 | 79,813 |
| United Kingdom | 50,488 | 53,211 |
| Australia | 48,182 | 37,317 |
| Others | 276,841 | 223,163 |
| Total | 939,273 | 929,902 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|----------------------------------|--------------------------------|------------------|
| In Hong Kong held on: | | |
| Leases of between 10 to 50 years | 23,032 | 23,616 |
| Total | 23,032 | 23,616 |

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|--------------------------------|------------------|
| Opening | 23,616 | 24,199 |
| Amortisation of prepaid operating lease payment | (584) | (583) |
| Closing | 23,032 | 23,616 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2006 | | | | | | | | | |
| Cost | 4,253,504 | 405 | 117,998 | 11,142 | 8,928 | 4,137 | — | 2,371 | 4,398,485 |
| Accumulated depreciation | (1,753,540) | — | (9,825) | (3,795) | (6,532) | (2,023) | — | (1,859) | (1,777,574) |
| Net book amount | 2,499,964 | 405 | 108,173 | 7,347 | 2,396 | 2,114 | — | 512 | 2,620,911 |
| Year ended 31 December 2006 | | | | | | | | | |
| Opening net book amount | 2,499,964 | 405 | 108,173 | 7,347 | 2,396 | 2,114 | — | 512 | 2,620,911 |
| Additions | 6,332 | 297,537 | 81 | 1,747 | 728 | 1,111 | — | 4 | 307,540 |
| Transfer | — | (538) | 538 | — | — | — | — | — | — |
| Disposals (note 29) | — | — | — | (5) | — | — | — | (1) | (6) |
| Depreciation | (286,448) | — | (4,743) | (3,951) | (1,196) | (1,077) | — | (183) | (297,598) |
| Closing net book amount | 2,219,848 | 297,404 | 104,049 | 5,138 | 1,928 | 2,148 | — | 332 | 2,630,847 |
| At 31 December 2006 | | | | | | | | | |
| 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 |

At 31 December 2007, the carrying amount of the Group's office equipment and motor vehicles held under finance leases were HK\$211,000 (2006: Nil).

Depreciation expense of HK\$299,052,000 (2006: HK\$297,598,000) has been expensed in cost of services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS – GROUP

| | Licences HK\$'000 | Goodwill HK\$'000 | Total HK\$'000 |
|--|----------------------|----------------------|-------------------|
| At 1 January 2006 and 31 December 2006 | | | |
| Cost | 1,597 | — | 1,597 |
| Accumulated amortisation and impairment | (321) | — | (321) |
| Net book amount | 1,276 | — | 1,276 |
| Year ended 31 December 2007 | | | |
| Opening net book amount | 1,276 | — | 1,276 |
| Addition | 292 | — | 292 |
| Acquisition of a subsidiary (note 30(a) and note 30(b)) | — | 38,675 | 38,675 |
| Amortisation expense (a) (note 29) | (161) | — | (161) |
| Closing net book amount | 1,407 | 38,675 | 40,082 |
| 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 |

Notes:

- (a) Amortisation expense of HK\$161,000 (2006: HK\$161,000) is included in the administrative expenses in the consolidated income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. INTANGIBLE ASSETS – GROUP (CONTINUED)

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 the management and extrapolated perpetually with an estimated general growth of 3%. The discount rate used is 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

Investments in subsidiaries

| | Company | |
|--|------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 |
| Unlisted shares in subsidiaries, at cost | 431,143 | 429,054 |
| Capital contribution to Share Award Trust (Note B) | 6,000 | — |
| | <hr/> | <hr/> |
| | 437,143 | 429,054 |
| | <hr/> | <hr/> |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(A) PARTICULARS OF SUBSIDIARIES

The following is the list of the principal subsidiaries and a controlled partnership at 31 December 2007:

| 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 (formerly known as Auspicious City Limited) | Hong Kong, limited liability company | Provision of DTH 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 | License 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 business | 10,000,000 ordinary shares of HK\$0.01 each | 100% |

[#] Shares held directly by the Company.

The Group has increased the shareholding in SpeedCast Holdings Limited to 100% during the year. Please refer to the details described in note 30 in the report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(B) 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 the year. In accordance with the 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 2007, the Group has contributed HK\$6,000,000 (2006: Nil) to the Trust and the amount was recorded as “Capital Contribution to Share Award Trust” in the Company’s balance sheet.

10. INTERESTS IN ASSOCIATES – GROUP

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|------------------|------------------|
| Beginning of the year | 10,057 | 14,294 |
| Share of associates’ losses | (11,078) | (8,391) |
| Additions | 1,462 | 4,154 |
| Reclassification of an associate to a subsidiary | (441) | — |
| End of the year | — | 10,057 |

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

Interests in associates at 31 December 2006 included goodwill of HK\$441,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INTERESTS IN ASSOCIATES – GROUP (CONTINUED)

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) | Interest held |
|--|------------------------------------|--------------------------|----------|-------------|----------|---------------|---------------|
| | | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | |
| 2006 | | | | | | | |
| Beijing Asia Sky Telecommunications Technology Company Limited | N/A | China | 25,829 | 26,406 | 9,235 | (17,124) | 49% |
| SpeedCast Holdings Limited | Ordinary shares of US\$0.0001 each | Cayman Islands | 46,441 | 27,167 | 111,889 | 5,228 | 47% |
| SpeedCast Limited (note a) | Ordinary shares of HK\$0.01 each | Hong Kong | N/A | N/A | N/A | N/A | 47% |
| | | | 72,270 | 53,573 | 121,124 | (11,896) | |
| 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) | |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INTERESTS IN ASSOCIATES – GROUP (CONTINUED)

As SpeedCast Limited was still an associate in the year, the Group has not recognised loss amounting to HK\$4,053,000 (2006: profit of HK\$2,473,000) for SpeedCast Holdings Limited as the Group's share of loss exceeds its interest in SpeedCast. The accumulated losses not recognised were HK\$13,614,000 (2006: HK\$9,561,000).

Notes:

- (a) SpeedCast Limited is the wholly owned subsidiary of, and is consolidated into, SpeedCast Holdings Limited. Accordingly, assets, liabilities revenues, profit/(loss) are not separately disclosed.
- (b) The Group has acquired the remaining outstanding interests in SpeedCast Holdings Limited during the year and became a wholly owned subsidiary. The amount shown in respect of revenue and loss were related to the period that SpeedCast was an associate.

11. AMOUNT PAID TO TAX AUTHORITY – GROUP

At the balance sheet date, an amount of approximately HK\$167,291,000 (2006: HK\$154,911,000) had been paid to the Government of India. For details, please refer to note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES – GROUP

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|--------------------------------|------------------|
| Trade receivables | 106,675 | 81,888 |
| Trade receivables from related parties (note 35) | — | 10,660 |
| Less: provision for impairment of receivables | (19,115) | (22,462) |
| | <hr/> | <hr/> |
| Trade receivables – net | 87,560 | 70,086 |
| Receivables from related parties (note 35) | 34,693 | 14,629 |
| Other receivables | 37,203 | 14,068 |
| Deposits and prepayments | 23,975 | 20,864 |
| | <hr/> | <hr/> |
| | 183,431 | 119,647 |
| | <hr/> | <hr/> |

The Group bills its trade customers quarterly in advance in accordance with its agreements.

The aged analysis of trade receivables is stated as follows:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|-------------------|--------------------------------|------------------|
| 0 to 30 days | 40,555 | 33,372 |
| 31 to 60 days | 16,454 | 15,967 |
| 61 to 90 days | 12,867 | 19,936 |
| 91 to 180 days | 19,892 | 9,452 |
| 181 days or above | 16,907 | 13,821 |
| | <hr/> | <hr/> |
| | 106,675 | 92,548 |
| | <hr/> | <hr/> |

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES – GROUP (CONTINUED)

As of 31 December 2007, trade receivables of HK\$19,115,000 (2006: HK\$22,462,000) 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:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|-------------------|--------------------------------|--------------------|
| 0 to 30 days | 1,643 | 4,043 |
| 31 to 60 days | 116 | — |
| 61 to 90 days | 1,038 | 4,219 |
| 91 to 180 days | 3,196 | 1,568 |
| 181 days or above | 13,122 | 12,632 |
| | <hr/> 19,115 <hr/> | <hr/> 22,462 <hr/> |

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|--------------------------------|--------------------|
| At 1 January | 22,462 | 30,930 |
| Provision for impairment of receivables (from an acquired subsidiary) | 8,705 | — |
| Amount written off | (4,339) | — |
| Write back of provision for impairment | (7,713) | (8,468) |
| | <hr/> 19,115 <hr/> | <hr/> 22,462 <hr/> |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. TRADE AND OTHER RECEIVABLES – GROUP (CONTINUED)

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|-------------------|--------------------------------|--------------------|
| 0 to 30 days | 38,912 | 29,329 |
| 31 to 60 days | 16,338 | 15,967 |
| 61 to 90 days | 11,829 | 15,717 |
| 91 to 180 days | 16,696 | 7,884 |
| 181 days or above | 3,785 | 1,189 |
| | <hr/> 87,560 <hr/> | <hr/> 70,086 <hr/> |

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|-------------|--------------------------------|------------------|
| Merchandise | 3,650 | 354 |
| | <hr/> | <hr/> |

The cost of inventories recognised as expense and included in cost of services amounted to HK\$1,717,000 (2006: HK\$87,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. CASH AND CASH EQUIVALENTS – GROUP

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--------------------------|--------------------------------|------------------|
| Cash at bank and in hand | 24,902 | 4,506 |
| Short-term bank deposits | 2,263,531 | 1,974,951 |
| | 2,288,433 | 1,979,457 |

The effective interest rate on short-term bank deposits was 5.2% (2006: 4.9%); these deposits have an average maturity of 46 days (2006: 21 days).

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---------------------------|--------------------------------|------------------|
| Cash and cash equivalents | 2,288,433 | 1,979,457 |

15. SHARE CAPITAL

| | Number of shares (thousands) | Ordinary shares HK\$'000 | Total HK\$'000 |
|---------------------------------|------------------------------------|--------------------------------|-------------------|
| At 31 December 2006 | 390,266 | 39,027 | 39,027 |
| At 1 January 2007 | 390,266 | 39,027 | 39,027 |
| Proceeds from shares issued: | | | |
| – Employees share option scheme | 930 | 93 | 93 |
| At 31 December 2007 | 391,196 | 39,120 | 39,120 |

The total authorised number of ordinary shares is 550,000,000 shares (2006: 550,000,000 shares) with a par value of HK\$0.10 per share (2006: HK\$0.10 per share). All issued shares were fully paid.

15. SHARE CAPITAL

(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.

15. SHARE CAPITAL (CONTINUED)

(A) SHARE OPTION SCHEME (CONTINUED)

Scheme adopted on 25 January 2002 (continued)

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 of the shares and the excess of the exercise price per share over the nominal value of the shares 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. SHARE CAPITAL (CONTINUED)

(A) SHARE OPTION SCHEME (CONTINUED)

Scheme adopted on 25 January 2002 (continued)

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

| Option A: | 2007 | | 2006 | |
|-----------------------|--|----------|--|-------------|
| | Average exercise price in HK\$ per share | Options | Average exercise price in HK\$ per share | Options |
| At 1 January | 17.48 | — | 17.48 | 1,634,000 |
| Lapsed | 17.48 | — | 17.48 | (1,634,000) |
| At 31 December | 17.48 | — | 17.48 | — |

| Option B: | 2007 | | 2006 | |
|-----------------------|--|------------------|--|-----------|
| | Average exercise price in HK\$ per share | Options | Average exercise price in HK\$ per share | Options |
| At 1 January | 17.48 | 1,630,000 | 17.48 | 1,655,000 |
| Lapsed/Cancelled | 17.48 | (1,630,000) | 17.48 | (25,000) |
| At 31 December | 17.48 | — | 17.48 | 1,630,000 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. SHARE CAPITAL (CONTINUED)

(A) SHARE OPTION SCHEME (CONTINUED)

Scheme adopted on 25 January 2002 (continued)

| Option C: | 2007 | | 2006 | |
|-----------------------|--|------------------|--|-----------|
| | Average exercise price in HK\$ per share | Options | Average exercise price in HK\$ per share | Options |
| At 1 January | 14.35 | 3,211,500 | 14.35 | 3,311,500 |
| Exercised | 14.35 | (930,000) | — | — |
| Lapsed/ Cancelled | 14.35 | (2,281,500) | 14.35 | (100,000) |
| At 31 December | 14.35 | — | 14.35 | 3,211,500 |

The total number of outstanding share options was nil at 31 December 2007 (2006: 4,841,500 options). The details of share options are shown as follows:

| | 2007 | | 2006 | |
|--------------|--|----------|--|------------------|
| | Average exercise price in HK\$ per share | Options | Average exercise price in HK\$ per share | Options |
| Option B | 17.48 | — | 17.48 | 1,630,000 |
| Option C | 14.35 | — | 14.35 | 3,211,500 |
| Total | | — | | 4,841,500 |

Details of specific categories of options are as follows:

| Option type | Date of grant | Vesting period | Exercise period | Exercise price HK\$ |
|-------------|-----------------|-------------------------------------|------------------------------------|---------------------|
| Option A | 4 February 2002 | — | 4 February 2002 – 25 November 2006 | 17.48 |
| Option B | 4 February 2002 | 4 February 2002 – 30 September 2002 | 1 October 2002 – 30 September 2009 | 17.48 |
| Option C | 4 February 2002 | 4 February 2002 – 3 February 2004 | 4 February 2004 – 3 February 2012 | 14.35 |

15. SHARE CAPITAL (CONTINUED)

(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 the 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 in 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 821,584 shares has been awarded to executive directors and employees at no consideration. The Trustee has acquired 46,000 shares at a total cost (including related transaction costs) of HK\$686,000 during the year. No shares were vested during the year.

| | 2007 | |
|-----------------------|---|-----------------------------------|
| | Average fair value per share | Number of Award Shares |
| At 1 January | | — |
| Awarded | 15.00 | 821,584 |
| At 31 December | 15.00 | 821,584 |

Out of a total of 821,584 Award Shares, 188,756 shares were awarded to the executive directors.

The remaining vesting periods of the Award Shares outstanding as at 31 December 2007 are between 0.5 year to 4.5 years.

15. SHARE CAPITAL (CONTINUED)

(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 and indirectly owned by CITIC Group and General Electric Capital Corporation (GE).

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

On 23 April 2007, the United States 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 US Department of State would result in the Company being deemed to be in breach of important US Department of State approvals previously granted to the Company in relation to its business. CITIC and GE 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 (“MGO”). 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 Share Options 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. OTHER RESERVES

| | Share Premium HK\$'000 | Share-based Payment Reserve HK\$'000 | Shares held under Share Award Scheme HK\$'000 | Total HK\$'000 |
|---|------------------------------|---|---|-------------------|
| At 1 January 2006 and 31 December 2006 | 4,614 | — | — | 4,614 |
| 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 |

17. DEFERRED REVENUE – GROUP

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|------------------|------------------|
| The maturity of deferred revenue is as follows: | | |
| Within one year | 153,417 | 153,101 |
| More than one year but not exceeding five years | 118,211 | 142,624 |
| | 271,628 | 295,725 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. OBLIGATIONS UNDER FINANCE LEASES

At 31 December 2007, a subsidiary acquired during the year had obligations under a finance lease repayable as follows :

| | Minimum lease payment | | Present value of minimum lease payments | |
|--|-----------------------|------------------|---|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 | 2007 HK\$'000 | 2006 HK\$'000 |
| Within one year | 117 | — | 101 | — |
| In the second to fifth years inclusive | 119 | — | 104 | — |
| | 236 | — | 205 | — |
| Less: future finance charges | (31) | — | — | — |
| Present value of lease obligations | 205 | — | 205 | — |

Finance lease obligations are denominated in Hong Kong dollar.

19. DEFERRED INCOME TAX

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:

| | Group | |
|--|------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 |
| Deferred tax assets | — | — |
| Deferred tax liabilities: | | |
| – Deferred tax liabilities to be recovered after more than 12 months | 189,048 | 191,739 |
| | 189,048 | 191,739 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. DEFERRED INCOME TAX (CONTINUED)

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

| | Group | |
|--|------------------|------------------|
| | 2007 HK\$'000 | 2006 HK\$'000 |
| Beginning of the year | 191,739 | 192,654 |
| Recognised in the consolidated income statement (note 24) | (2,691) | (915) |
| End of the year | 189,048 | 191,739 |

The movement in deferred tax liabilities/(assets) during the year was as follows:

Deferred tax liabilities/(assets):

| | Group | | |
|---|--|--------------------|-------------------|
| | Accelerated tax depreciation HK\$'000 | Others HK\$'000 | Total HK\$'000 |
| At 1 January 2006 | 193,295 | (641) | 192,654 |
| (Recognised in)/charged to the consolidated income statement | (1,556) | 641 | (915) |
| At 31 December 2006 | 191,739 | — | 191,739 |
| Recognised in the consolidated income statement | (2,691) | — | (2,691) |
| At 31 December 2007 | 189,048 | — | 189,048 |

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\$23,641,000 (2006: Nil) in respect of losses amounting to HK\$135,093,000 (2006: Nil), in respect of its newly acquired subsidiary, that can be carried forward against future taxable income. These losses do not expire under the current tax legislation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. OTHER GAINS – NET

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|--------------------------------|------------------|
| Interest income | 109,204 | 92,710 |
| Gain on disposals of property, plant and equipment other than transponders | 213 | 70 |
| Others | 39 | 13 |
| | 109,456 | 92,793 |

21. EXPENSES BY NATURE

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|--------------------------------|------------------|
| Auditors' remuneration | 1,747 | 1,775 |
| Bad debts written off | 545 | 11,997 |
| Write back of provision for impairment | (7,713) | (8,468) |
| Depreciation and amortisation expenses (notes 7 and 8) | 299,213 | 297,758 |
| Employee benefit expense (note 22) | 83,902 | 87,555 |
| Operating leases | | |
| – premises | 5,094 | 4,383 |
| – leasehold land & land use rights | 584 | 583 |
| Net exchange (gain)/loss | (3,261) | 404 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. EMPLOYEE BENEFIT EXPENSE

| | | |
|--|-----------------|----------|
| | 2007 | 2006 |
| | HK\$'000 | HK\$'000 |
| Salary and other benefits, including directors' remuneration | 78,926 | 82,930 |
| Pension costs – defined contribution plans | 4,976 | 4,625 |
| | <hr/> | <hr/> |
| Total staff costs | 83,902 | 87,555 |
| | <hr/> | <hr/> |
| | 2007 | 2006 |
| Number of employees | 142 | 102 |
| | <hr/> | <hr/> |

(A) PENSIONS – DEFINED CONTRIBUTION PLANS

Forfeited contributions totaling HK\$118,000 (2006: HK\$268,000) were fully utilised during the year. The balance of forfeited contributions, amounting to HK\$74,000 as at 31 December 2006 was fully utilised during the year.

No contribution (2006: Nil) was payable to the fund at 31 December 2007.

(B) DIRECTORS' EMOLUMENTS

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

| Name of Director | Fees HK\$'000 | Salary HK\$'000 | Discretionary bonuses HK\$'000 | Other benefits (a) HK\$'000 | Employer's | Share- | Total HK\$'000 |
|---------------------------------|------------------|--------------------|--------------------------------------|-----------------------------------|--|------------------------------|-------------------|
| | | | | | contribution to pension scheme HK\$'000 | based payment HK\$'000 | |
| Romain BAUSCH (c) & (d) | 50 | — | — | — | — | — | 50 |
| Ronald J. HERMAN, Jr. (b) & (f) | 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) | 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 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | 2,001 | 5,085 | 3,859 | 4,022 | 762 | 1,656 | 17,385 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(B) DIRECTORS' EMOLUMENTS (CONTINUED)

The remuneration of every Director for the year ended 31 December 2006 is set out below:

| Name of Director | Fees HK\$'000 | Salary HK\$'000 | Discretionary bonuses HK\$'000 | Other benefits (a) HK\$'000 | Employer's | Share- based payment HK\$'000 | Total HK\$'000 |
|---------------------------|------------------|--------------------|--------------------------------------|-----------------------------------|--|--|-------------------|
| | | | | | contribution to pension scheme HK\$'000 | | |
| Romain BAUSCH (c) & (d) | 200 | — | — | — | — | — | 200 |
| Robert BEDNAREK (d) & (i) | 125 | — | — | — | — | — | 125 |
| Edward CHEN | 225 | — | — | — | — | — | 225 |
| Cynthia DICKINS (c) & (d) | 100 | — | — | — | — | — | 100 |
| DING Yu Cheng (e) | 100 | — | — | — | — | — | 100 |
| R. Donald FULLERTON (g) | 83 | — | — | — | — | — | 83 |
| JU Wei Min (e) | 100 | — | — | — | — | — | 100 |
| KO Fai Wong (e) | 100 | — | — | — | — | — | 100 |
| MI Zeng Xin (e) | 200 | — | — | — | — | — | 200 |
| Mark RIGOLLE (c) & (d) | 100 | — | — | — | — | — | 100 |
| Robert SZE | 250 | — | — | — | — | — | 250 |
| James WATKINS (h) | 113 | — | — | — | — | — | 113 |
| Peter JACKSON | — | 2,766 | 2,489 | 2,270 | 415 | — | 7,940 |
| William WADE | — | 2,146 | 1,931 | 1,631 | 322 | — | 6,030 |
| Total | 1,696 | 4,912 | 4,420 | 3,901 | 737 | — | 15,666 |

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 30 May 2006.
- (h) Appointed on 30 June 2006.
- (i) Resigned on 31 October 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(C) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include two (2006: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2006: three) individuals during the year are as follows:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|------------------|------------------|
| Basic salaries, housing allowances, other allowances and benefits in kind | 8,311 | 9,189 |
| Contributions to retirement benefits scheme | 600 | 726 |
| Performance related incentive payments | 2,956 | 4,357 |
| Share-based payment | 263 | — |
| | <hr/> 12,130 | <hr/> 14,272 |

The emoluments fell within the following bands:

| | Number of individuals | |
|-------------------------------|-----------------------|---------|
| | 2007 | 2006 |
| Emolument bands | | |
| HK\$3,500,001 – HK\$4,000,000 | 2 | 1 |
| HK\$4,000,001 – HK\$4,500,000 | 1 | — |
| HK\$4,500,001 – HK\$5,000,000 | — | 1 |
| HK\$5,000,001 – HK\$5,500,000 | — | — |
| HK\$5,500,001 – HK\$6,000,000 | — | 1 |
| | <hr/> 3 | <hr/> 3 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCE COSTS

| | 2007 HK\$'000 | 2006 HK\$'000 |
|----------------------------------|------------------|------------------|
| Interest expense: | | |
| – assets retirement obligation | 40 | 152 |
| – obligation under finance lease | 5 | — |
| | 45 | 152 |
| | 45 | 152 |

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 17.5% (2006: 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 32.

| | 2007 HK\$'000 | 2006 HK\$'000 |
|-------------------------------|------------------|------------------|
| Current income tax | | |
| – Hong Kong profits tax | 42,634 | 38,856 |
| – Overseas taxation | 14,010 | 17,581 |
| Deferred income tax (note 19) | (2,691) | (915) |
| | 53,953 | 55,522 |
| | 53,953 | 55,522 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. INCOME TAX EXPENSE (CONTINUED)

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:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|------------------|------------------|
| Profit before tax | 556,868 | 508,927 |
| Tax calculated at tax rate of 17.5% (2006: 17.5%) | 97,452 | 89,062 |
| Tax effect of income not subject to income tax | (98,894) | (96,999) |
| Tax effect of expenses not deductible for tax purposes | 41,600 | 45,440 |
| Tax effect on unrecognised timing differences by a subsidiary | (152) | — |
| Tax effect of tax losses of associates not recognised | 446 | 438 |
| Effect of income tax rate differential between Hong Kong and overseas locations | 13,978 | 17,581 |
| Utilisation of previously unrecognised tax losses by a subsidiary | (477) | — |
| Tax expense | 53,953 | 55,522 |

The effective tax rate of the Group was 9.7% (2006: 10.9%).

25. NET FOREIGN EXCHANGE (GAIN)/LOSS

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|-------------------------|------------------|------------------|
| Administrative expenses | (3,261) | 404 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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\$138,963,000 (2006: HK\$137,225,000).

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.

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|--------------------------------|------------------|
| Profit attributable to equity holders of the Company | 503,397 | 454,009 |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands) | 390,830 | 390,266 |
| Basic earnings per share (HK\$ per share) | 1.29 | 1.16 |

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held under the share award scheme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. EARNINGS PER SHARE (CONTINUED)

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.

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|--------------------------------|------------------|
| Profit used to determine diluted earnings per share | 503,397 | 454,009 |
| Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands) | 390,830 | 390,266 |
| Effect of share options (in thousands) | 80 | — |
| Effect of awarded shares (in thousands) | 65 | N/A |
| Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands) | 390,975 | 390,266 |
| Diluted earnings per share (HK\$ per share) | 1.29 | 1.16 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. DIVIDENDS

The dividends paid during the years ended 31 December 2007 and 2006 were HK\$152,566,000 (HK\$0.39 per share) and HK\$136,593,000 (HK\$0.35 per share) respectively. A final dividend in respect of 2007 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 8 May 2008. These financial statements do not reflect this dividend payable.

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|--------------------------------|---------------------|
| Interim dividend paid of HK\$0.08 (2006: HK\$0.08) per ordinary share | 31,295 | 31,221 |
| Proposed final dividend of HK\$0.31 (2006: HK\$0.27) per ordinary share | 121,271 | 105,372 |
| | <hr/> 152,566 <hr/> | <hr/> 136,593 <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. CASH FLOWS FROM THE OPERATIONS

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|--------------------------------|------------------|
| Profit for the year | 502,915 | 453,405 |
| Adjustments for: | | |
| – Tax (note 24) | 53,953 | 55,522 |
| – Bad debts written off | 545 | 11,997 |
| – Write back of provision for impairment | (7,713) | (8,468) |
| – Share-based payment | 2,089 | — |
| – Depreciation (note 7) | 299,052 | 297,598 |
| – Amortisation of prepaid operating lease payment (note 6) | 584 | 583 |
| – Amortisation of licence (note 8) | 161 | 161 |
| – Profit on sale of property, plant and equipment (see below) | (213) | (70) |
| – Interest income (note 20) | (109,204) | (92,710) |
| – Finance costs (note 23) | 45 | 152 |
| – Share of losses from associates (note 10) | 11,078 | 8,391 |
| Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation): | | |
| – Unbilled receivable | 14,912 | 3,516 |
| – Amount paid to tax authority | (12,380) | (61,245) |
| – Inventories | (345) | 80 |
| – Trade and other receivables | (44,886) | (5,316) |
| – Other payables and accrued expenses | (3,484) | 32,377 |
| – Deferred revenue | (25,554) | 56,089 |
| Cash flows from the operations | 681,555 | 752,062 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. CASH FLOWS FROM THE OPERATIONS (CONTINUED)

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|--------------------------------|------------------|
| Net book amount (note 7) | 2 | 6 |
| Profit on sale of property, plant and equipment | 213 | 70 |
| | <hr/> | <hr/> |
| Proceeds from sale of property, plant and equipment | 215 | 76 |
| | <hr/> | <hr/> |

30. ACQUISITION OF A SUBSIDIARY

On 31 August 2007, the Group has paid a consideration of HK\$23,068,000 to acquire an additional 24.65% shareholding in SpeedCast Holdings Limited ("SpeedCast"), previously an associated company of the Group. After the acquisition, the effective shareholding by the Group increased from 47.36% to 72.01% and SpeedCast became a subsidiary of the Group.

Further on 30 November 2007, the Group has acquired the remaining outstanding shares of 27.99% of SpeedCast for an amount of HK\$26,194,000 on which SpeedCast became a wholly owned subsidiary of the Group.

(a) The net assets acquired on 31 August 2007 and the goodwill arising was as follows :

| | HK\$'000 |
|--|-----------------|
| Purchase consideration | 23,068 |
| Fair value of net assets acquired – shown as below | (7,277) |
| | <hr/> |
| Goodwill | 15,791 |
| | <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. ACQUISITION OF A SUBSIDIARY (CONTINUED)

- (a) The net assets acquired on 31 August 2007 and the goodwill arising was as follows (continued) :

| | Fair Value | Acquiree's carrying amount |
|--|------------|----------------------------------|
| | HK\$'000 | HK\$'000 |
| Plant and equipment | 16,372 | 16,372 |
| Bank balances and cash | 5,772 | 5,772 |
| Trade and other receivables | 19,072 | 19,072 |
| Inventories | 2,950 | 2,950 |
| Trade and other payables | (33,448) | (33,448) |
| | <hr/> | <hr/> |
| Net assets | 10,718 | 10,718 |
| Minority interest | (3,000) | (3,000) |
| | <hr/> | <hr/> |
| | 7,718 | 7,718 |
| | <hr/> | <hr/> |
| Interest originally held by the Group as investment in an associate | (441) | |
| | <hr/> | |
| Net assets acquired | 7,277 | |
| | <hr/> | |
| Purchase consideration settled in cash | | (23,068) |
| Cash and cash equivalents in the subsidiary acquired | | 5,772 |
| | | <hr/> |
| Net cash outflow arising from acquisition | | (17,296) |
| | | <hr/> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. ACQUISITION OF A SUBSIDIARY (CONTINUED)

(b) The net assets acquired on 30 November 2007 and the goodwill arising was as follows :

| | | |
|--|-------------------|---|
| | | HK\$'000 |
| Purchase consideration | | 26,194 |
| Fair value of net assets acquired – shown as below | | (3,310) |
| | | <hr/> |
| Goodwill | | 22,884 |
| | | <hr/> |
| | | Acquiree's carrying amount |
| | Fair Value | HK\$'000 |
| | HK\$'000 | HK\$'000 |
| Plant and equipment | 4,763 | 4,763 |
| Bank balances and cash | 1,347 | 1,347 |
| Trade and other receivables | 5,301 | 5,301 |
| Inventories | 1,177 | 1,177 |
| Trade and other payables | (9,278) | (9,278) |
| | <hr/> | <hr/> |
| Net assets acquired | 3,310 | 3,310 |
| | <hr/> | <hr/> |
| Purchase consideration settled in cash | | (26,194) |
| | | <hr/> |

The aggregate goodwill arising from two purchase transactions in 2007 was HK\$38,675,000. It can be attributable to the anticipated business synergy benefits generated to the Group following the acquisitions and the future cash flows which SpeedCast can contribute.

SpeedCast contributed revenue of HK\$38,225,000 and net profit of HK\$3,734,000 to the Group for the period from 31 August 2007 to 31 December 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. 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:

| | 2007 | | | 2006 | | |
|--|------------------|---|----------------|------------------|---|---------------|
| | 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 | 70,238 | — | 70,238 | 1,736 | — | 1,736 |
| Other payables and accrued expenses | 112,115 | — | 112,115 | 96,495 | — | 96,495 |
| Obligation under finance lease | 101 | — | 101 | — | — | — |
| | 182,454 | | 182,454 | 98,231 | | 98,231 |
| Non current liabilities | | | | | | |
| Obligations under finance leases | — | 104 | 104 | — | — | — |

31. FINANCIAL INSTRUMENTS (CONTINUED)

(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 :

| | 2007 | | 2006 | |
|---------------------|---------------------------|-----------|---------------------------|-----------|
| | Effective Interest Rate % | HK\$'000 | Effective Interest Rate % | HK\$'000 |
| Short Term Deposits | 5.2% | 2,263,531 | 4.9% | 1,974,951 |

At 31 December 2007, it is estimated that a general increase/decrease of 300 basis point in interest rate, with all other variables held constant, would increase/decrease the Group's profit for the year and retained profits approximately of HK\$67,906,000. (2006 : HK\$59,249,000)

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 300 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 2006.

31. FINANCIAL INSTRUMENTS (CONTINUED)

(D) CURRENCY RISKS

The Group 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 32 to the financial statements, the Group has paid a total of Indian Rupee ("INR") 966 million (2006: INR 896 million) 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.

| | 2007 | 2006 |
|------------------------------|----------------|---------|
| | INR'000 | INR'000 |
| Amount paid to tax authority | 966,000 | 896,000 |

31. FINANCIAL INSTRUMENTS (CONTINUED)

(D) CURRENCY RISKS (CONTINUED)

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.

| | 2007 | | 2006 | |
|--------------|--|--|--|---|
| | Increase/ (decrease) in foreign exchange rates | Increase/ (decrease) on profit for the year and retained profits HK\$'000 | Increase/ (decrease) in foreign exchange rates | Increase/ (decrease) on profit and retained profits HK\$'000 |
| Indian Rupee | +5% | 8,800 | +5% | 8,200 |
| | -5% | (8,000) | -5% | (7,750) |

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 2006.

32. 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 | 20,000 | 115,000 |
| 1998-99 | 23,000 | 141,000 |
| 1999-00 | 22,000 | 127,000 |
| 2000-01 | 14,000 | 84,000 |
| 2001-02 | 29,000 | 171,000 |
| 2002-03 | 38,000 | 210,000 |
| 2003-04 | 50,000 | 316,000 |
| 2004-05 | 58,000 | 330,000 |
| 2005-06 | 46,000 | 230,000 |
| Total | 300,000 | 1,724,000 |

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

No assessment has yet been made for the 2006-07 or 2007-08 assessment years.

The Income Tax Appellate 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 the appeals have been admitted by the High Court.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. CONTINGENCIES (CONTINUED)

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 | 78,000 |
| 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 |
| Total | 167,000 | 966,000 |

In addition, based on the general principles set forth by the Tribunal, the amount of revenue taxable in India depends on the payments made by the Group's customers to the Group for the purpose of those customers carrying on business in India or earning revenue from any source in India. As such information is proprietary in nature and has not been provided by the Group's customers, the Group cannot reasonably estimate the income subject to tax and therefore also cannot estimate the amount of tax to which the Group may be assessed. Furthermore, as stated above, the Group has filed an appeal against the Tribunal's decision. The appeal has been admitted by the High Court and is pending before the Court. Accordingly, no provision has been recognised for Indian tax in the Group's financial statements.

33. MAJOR NON-CASH TRANSACTIONS

There was no major non-cash transaction during 2006 and 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. COMMITMENTS - GROUP

CAPITAL COMMITMENTS

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|-----------------------------------|------------------|------------------|
| AsiaSat 5 | | |
| Contracted but not provided for | 490,353 | 810,048 |
| Authorised but not contracted for | 292,855 | 296,548 |
| Other assets | | |
| Contracted but not provided for | 12,169 | 111 |
| | 795,377 | 1,106,707 |
| | 795,377 | 1,106,707 |

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:

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|------------------|------------------|
| Not later than 1 year | 6,833 | 4,068 |
| Later than 1 year and not later than 5 years | 16,882 | 745 |
| | 23,715 | 4,813 |
| | 23,715 | 4,813 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. COMMITMENTS - GROUP (CONTINUED)

OPERATING LEASE COMMITMENTS – WHERE THE GROUP IS THE LESSOR

The Group leases its office premises under non-cancellable operating leases. The lease is negotiable for four years. The lease income recognised in the income statement during the year was HK\$552,000 (2006: HK\$552,000).

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|------------------|------------------|------------------|
| Within one year | 184 | 552 |
| One to two years | — | 184 |
| | <hr/> 184 | <hr/> 736 |

35. RELATED-PARTY TRANSACTIONS

During the year 2007, there had been a change in one of the major shareholders of the Company. General Electric Company (“GE”) has become a major shareholder of the Company on acquiring approximately 36.84% of the issued share capital of the Company. CITIC Group, the Company’s founding shareholder, remains as the other major shareholder with approximately 37.59% of the issued share capital of the Company. As at 29 March 2007, SES S.A. (the then major shareholder of the Company) ceased to have shareholding in the Company, but together with its subsidiary, are 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 has acquired additional shareholding of SpeedCast Holdings Limited during the year and it became a subsidiary on 31 August 2007 and further to the wholly owned subsidiary on 30 November 2007. Transactions incurred before 31 August 2007 were still classified as related-party transaction for the year ended 31 December 2007.

35. RELATED-PARTY TRANSACTIONS (CONTINUED)

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 a subsidiary of CITIC, CITIC Guoan Information Industry Company Limited. CITIC is a substantial shareholder of the Company throughout the year.

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|--|--------------------------------|------------------|
| CITIC Guoan Information Industry Company Limited | — | 1,424 |
| SpeedCast Limited (as an associate up to 31 August 2007) | 32,410 | 46,264 |
| | 32,410 | 47,688 |

(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.

| | 2007 HK\$'000 | 2006 HK\$'000 |
|----------------------------------|--------------------------------|------------------|
| CITIC Technology Company Limited | 454 | 564 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. RELATED-PARTY TRANSACTIONS (CONTINUED)

(C) KEY MANAGEMENT COMPENSATION

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|------------------|------------------|
| Salaries and other short-term employee benefits | 37,051 | 38,455 |
| Share based payment | 4,449 | — |
| | 41,500 | 38,455 |

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.

| | 2007 HK\$'000 | 2006 HK\$'000 |
|------------------------|------------------|------------------|
| SES and its subsidiary | 100 | 525 |
| A subsidiary of GE | 401 | — |
| A subsidiary of CITIC | 500 | 500 |
| | 1,001 | 1,025 |

(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 to a subsidiary of SES, SES AMERICOM, Inc.

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

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|------------------|------------------|
| SES AMERICOM, Inc. | 260 | 239 |
| SpeedCast Limited (as an associate up to 31 August 2007) | 25 | 5 |
| | 285 | 244 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35. RELATED-PARTY TRANSACTIONS (CONTINUED)

(E) YEAR END BALANCES ARISING FROM THESE TRANSACTIONS

| | 2007 HK\$'000 | 2006 HK\$'000 |
|---|------------------|------------------|
| Trade receivables from related parties (note 12): | | |
| SpeedCast Limited (as an associate) | — | 10,660 |
| | ————— | ————— |
| Receivables from related parties (note 12): | | |
| CITIC Technology Company Limited | 34,693 | 14,629 |
| | ————— | ————— |
| Payables to related parties: | | |
| CITIC Technology Company Limited | 519 | 479 |
| | ————— | ————— |
| Deferred revenue to related parties: | | |
| SES AMERICOM, Inc. | — | 22 |
| | ————— | ————— |

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, unsecured in nature and bear no interest.

36. 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 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 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 cashflows, 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 2006.

37. EVENT AFTER THE BALANCE SHEET DATE

On 28 January 2008, the Company terminated its American Depositary Receipts ("ADR") program and delisted from New York 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 wish to retain an interest in the Company's shares should surrender their ADRs by 28 May 2008 in order to receive the shares of the Company, which are traded on the Hong Kong Stock Exchange. On 29 May 2008, BoNY will sell the shares underlying any remaining ADRs and will return the net proceeds of sales to the remaining ADR holders.

SUPPLEMENTARY INFORMATION FOR ADR HOLDERS

The Group's financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong ("HK GAAP"), which differ in certain significant aspects from those in the United States ("US GAAP"). The significant differences in profit for the year (net income) and shareholders' funds (shareholders' equity) resulting from differences between HKFRS and US GAAP are shown in the tables set out below.

The following table summarises the effect on profit (net income) of differences between HK GAAP and US GAAP for the year:

| | Year ended 31 December | | |
|---|------------------------------|------------------|------------------|
| | 2007 US\$'000 (note 1) | 2007 HK\$'000 | 2006 HK\$'000 |
| Profit for the year (net income) as reported under HK GAAP | 64,538 | 503,397 | 454,009 |
| US GAAP adjustments: | | | |
| Amortisation of interest and borrowing costs (a) | (1,035) | (8,072) | (8,072) |
| Stock compensation using the fair value method (c) | — | — | (323) |
| Tax effect on reconciling items (d) | 91 | 706 | 706 |
| Profit for the year (net income) under US GAAP | 63,594 | 496,031 | 446,320 |
| Basic earnings per share under US GAAP | US\$0.16 | HK\$1.27 | HK\$1.14 |
| Diluted earnings per share under US GAAP | US\$0.16 | HK\$1.27 | HK\$1.14 |
| Basic earnings per American Depositary Share ("ADS") under US GAAP (note 2) | US\$1.63 | HK\$12.69 | HK\$11.44 |
| Diluted earnings per American Depositary Share ("ADS") under US GAAP (note 2) | US\$1.63 | HK\$12.69 | HK\$11.44 |
| Shares used in computation of basic earnings per share (in thousands) | 390,830 | 390,830 | 390,266 |
| Shares used in computation of diluted earnings per share (in thousands) | 390,975 | 390,975 | 390,266 |

SUPPLEMENTARY INFORMATION FOR ADR HOLDERS

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

| | Year ended 31 December | | 2006 HK\$'000 |
|--|------------------------------|------------------|------------------|
| | 2007 US\$'000 (note 1) | 2007 HK\$'000 | |
| Shareholders' equity as reported under HK GAAP | 615,750 | 4,802,847 | 4,421,604 |
| US GAAP adjustments: | | | |
| Capitalisation of interest and borrowing costs (a) | 15,767 | 122,980 | 122,980 |
| Amortisation of interest and borrowing costs (a) | (12,405) | (96,761) | (88,689) |
| Amortisation of goodwill (b) | 1,452 | 11,325 | 11,325 |
| Impairment loss of goodwill (b) | (1,424) | (11,104) | (11,104) |
| Stock compensation using the fair value method (c) | (41) | (323) | (323) |
| Tax effect of reconciling items (d) | (824) | (6,419) | (7,125) |
| Shareholders' equity under US GAAP | 618,275 | 4,822,545 | 4,448,668 |

(a) Capitalisation of interest and borrowing costs

Under HK GAAP, interest on bank loans and related costs of obtaining the loans (including costs incurred in connection with loan facilities) taken out to finance construction of satellites is capitalised during the period of construction. Under US GAAP, the interest cost incurred during the period of construction that could have been avoided if the construction of satellites had not been made, is capitalised. The interest capitalised is computed by applying an average borrowing rate of outstanding debt to the total amount of qualifying assets under construction, not to exceed total interest costs incurred.

In addition, under US GAAP, certain related borrowing costs payable to lenders are excluded from the amounts capitalised.

SUPPLEMENTARY INFORMATION FOR ADR HOLDERS

(b) Amortisation and impairment loss of goodwill

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

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

(c) Stock compensation

Under HK GAAP, it is not required to apply HKFRS 2 to share options granted on or before 7 November 2002. The Company has chosen not to apply HKFRS 2 to share options issued prior to this date.

Under US GAAP, effective January 1, 2006 the Company adopted SFAS 123R using the modified prospective approach and accordingly prior periods have not been restated to reflect the impact of SFAS 123R. Under SFAS 123R, stock-based awards granted prior to its adoption will be expensed over the remaining portion of their vesting period, taking into account the estimated forfeiture of options. The fair value options granted was estimated using the Black-Scholes option-pricing model. The amount of stock compensation using the fair value method was in accordance with the note 32 (c) to the Form 20-F reports for the year ended 31 December 2006 that filed with SEC in USA.

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

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

Notes:

1. The translations of Hong Kong dollar amounts into United States dollars are for convenience only and have been made at a rate of HK\$7.8 to US\$1, the approximate rate of exchange at 31 December 2007. Such translations should not be construed as representations that the Hong Kong dollar amounts could be converted into United States dollars at that or any other rate.
2. One ADS is equivalent to 10 ordinary shares.

FINANCIAL SUMMARY

| | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|-----------|-----------|-----------|-----------|------------------|
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Results | | | | | |
| Sales | 896,233 | 1,004,982 | 879,705 | 929,902 | 939,273 |
| Profit from ordinary activities before taxation | 512,086 | 491,616 | 416,635 | 508,927 | 556,868 |
| Taxation | (87,598) | (60,536) | (51,270) | (55,522) | (53,953) |
| Profit after taxation | 424,488 | 431,080 | 365,365 | 453,405 | 502,915 |
| Minority interests | — | 136 | 819 | 604 | 482 |
| Profits attributable to equity holders | 424,488 | 431,216 | 366,184 | 454,009 | 503,397 |
| Earnings per share: | | | | | |
| Basic | HK\$1.09 | HK\$1.10 | HK\$0.94 | HK\$1.16 | HK\$1.29 |
| Diluted | HK\$1.09 | HK\$1.10 | HK\$0.94 | HK\$1.16 | HK\$1.29 |
| Assets and liabilities | | | | | |
| Total assets | 4,157,220 | 4,549,247 | 4,683,530 | 5,091,212 | 5,540,005 |
| Total liabilities and minority interests | (588,954) | (674,650) | (579,342) | (669,608) | (737,158) |
| Shareholders' equity | 3,568,266 | 3,874,597 | 4,104,188 | 4,421,604 | 4,802,847 |

INDEPENDENT AUDITOR'S REPORT

PRICEWATERHOUSECOOPERS

羅兵咸永道會計師事務所

PricewaterhouseCoopers
33/F, Cheung Kong Center
2 Queen's Road Central
Hong Kong
Telephone (852) 2289 8888
Facsimile (852) 2810 9888
www.pwchk.com

To the shareholders of

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Asia Satellite Telecommunications Holdings Limited (the "Group") set out on pages 66 to 139, which comprise the consolidated and company balance sheets as at 31 December 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Companies Act of 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2007 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 12 March 2008

SHAREHOLDER INFORMATION

EXPECTED TIMETABLE

FINANCIAL YEAR ENDED 31 DECEMBER 2007

| | |
|------------------------|-------------|
| Annual General Meeting | 8 May 2008 |
| Final dividend payable | 14 May 2008 |

FINANCIAL YEAR ENDING 31 DECEMBER 2008

| | |
|---|---------------|
| Interim Results announcement | August 2008 |
| Interim dividend payable | November 2008 |
| Annual Results announcement | March 2009 |
| Report and financial statements published | April 2009 |
| Annual General Meeting | May 2009 |
| Final dividend payable | May 2009 |

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Hamilton
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Any matter relating to your shareholding, such as transfer of shares, change of name or address and loss of share certificates should be addressed in writing to the Registrar as above.

ADR DEPOSITARY BANK

The Bank of New York
Investor Services
PO Box 11258
Church Street Station
New York, NY 10286-1258
USA
Tel: (908) 769 9835 / (908) 769 9711

Any specific enquiries concerning the Company's ADSs should be addressed to the above.

SHAREHOLDER INFORMATION

LISTING

The shares of the Company are listed on Stock Exchange. In 28 January 2008, the delisting of the Company's ADSs from the NYSE, became effective.

DIVIDEND

Subject to approval by shareholders at the forthcoming Annual General Meeting, the proposed final dividend for the year ended 31 December 2007 will be payable on or about 14 May 2008.

ORDINARY SHARES

Shares outstanding as at 31 December 2007: 391,195,500 ordinary shares

Free float: 100,020,805 ordinary shares (25.57%)

Nominal value: HK\$0.10 per share

STOCK CODE

| | |
|---|---------|
| The Stock Exchange of Hong Kong Limited | 1135 |
| New York Stock Exchange, Inc.* | SAT |
| Reuters | 1135.HK |
| Bloomberg * | SAT |

** please note that the ADSs of the Company was delisted from NYSE in January 2008.*

SUPPLEMENTARY INFORMATION FOR ADR HOLDERS

American Depositary Receipt ("ADR") holders registered on the books of the depositary in New York at the close of business on the date as advised by the depositary can vote by proxy at the Annual General Meeting by completing a voting instruction card that will be sent to them by the depositary. Alternatively, an ADR holder may appoint a discretionary proxy, usually the Chairman of the Meeting, by marking the designated box on the voting instruction card.

ANNUAL REPORT AND ACCOUNTS 2007

Copies of annual report and accounts can be obtained by writing to:

Manager, Corporate Affairs
Asia Satellite Telecommunications Holdings Limited
17th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

SHAREHOLDER INFORMATION

FORM 20-F 2007 FOR THE FISCAL YEAR ENDED 31 DECEMBER 2007

The Form 20-F report will be available after filing at website: <http://www.asiasat.com>

WEBSITE

<http://www.asiasat.com>

Annual/Interim reports and accounts, and Form 20-F are available on line.

COMPANY CONTACT

General enquiries regarding the Company during normal office hours should be addressed to:

Manager, Corporate Affairs
Asia Satellite Telecommunications Holdings Limited
17th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Tel: (852) 2500 0880

Fax: (852) 2500 0895

Email: wpang@asiasat.com

INVESTOR RELATIONS CONTACT

The Office of the Deputy Chief Executive Officer
Asia Satellite Telecommunications Holdings Limited
17th Floor, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Tel: (852) 2500 0808

Fax: (852) 2882 4640

Email: wwade@asiasat.com

“DID YOU KNOW?”



ARCHERY

Archery first appeared at the 1900 Olympics in Paris. There were archery events for the next few Olympics, but then they disappeared for more than 50 years. This extraordinary test of accuracy reappeared at Munich in 1972 and has remained a fixture ever since.



GYMNASTICS

No gymnast had ever achieved a perfect score of 10, until the extraordinarily flexible Romanian gymnast Nadia Comaneci, scored perfect 10s seven times at the 1976 Olympics in Montreal. In 1980, she won two more gold medals.



WEIGHTLIFTING

Olympic weightlifting tests the athlete for functional strength, utilising the body's major muscle groups. In the early games, all lifters competed in the same event regardless of their individual body weights. But from 1920 onwards, weight classes were set up that tested strength in relation to size.



SPRINTING

Harold Abrahams became the first European to win the Gold Medal in the men's 100m at the 1924 Olympics in Paris. This was immortalised in the movie 'Chariots of Fire'. Abrahams dedicated more brain power and more will power to the subject than any other runner of his day to perfect his start, stride, form and speed.



HIGH JUMP

With his back to bar, 21-year-old Dick Fosbury broke the high jump record (2.24m) at the 1968 Olympics in Mexico City. He stunned track and field traditionalists with his commitment to a unique technique now commonly known as the "Fosbury Flop". This technique is now the standard for high jumpers from high school to the Olympics.



SWIMMING

Mark Spitz holds the record for the most gold medals won in a single Olympic Games (seven), which he set in Munich in 1972. At the 1896 Olympics in Athens, only the first two winners received a medal - silver and bronze. It wasn't until the 1904 Olympics, held in St. Louis, USA, that gold, silver and bronze medals were awarded for first, second and third place.



ASIASAT

All eyes will be focused on the Beijing 2008 Olympic Games, and AsiaSat will be enabling international broadcasters to communicate to millions worldwide. Through television, radio, internet and mobile devices, AsiaSat will help those without a ticket to keep their eye on the games.