20th Anniversary Supplement

Asia Satellite Telecommunications Holdings Limited

AsiaSat brings you Infotainment

Lifestyle, Education and Business

MARCH 2009

852 2500 0888

DISTRIBUTED FREE
TO SHAREHOLDERS

Asia Satellite
Telecommunications
Holdings Limited
(Stock Code 1135)

ANNUAL REPORT 2008

Annual Report 2008

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 Stock Exchange of Hong Kong Limited ("Stock Exchange") (Stock Code 1135). The Company has delisted its American Depositary Shares ("ADSs") from the New York Stock Exchange as of 28 January 2008. On 10 March 2009, the Company filed an application with the U.S. Securities and Exchange Commission ("SEC") for deregistration. The completion of filing has immediately suspended the Company's reporting obligations with respect to its securities and has commenced a 90-day waiting period. If, at the end of this 90-day period, the SEC has not objected to the filing, the suspension will automatically become a termination of the Company's registration and reporting requirements to the SEC.

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

Contents

Production Edelman Design Graphicat Limited

We've come a long way in twenty years

In 2008 we celebrated 20 successful years of operation in Asia. We've seen a lot of changes in our industry during these years but we're pleased that we have been able to adapt to the challenges and keep our customers at the centre of everything we do. Today we provide top quality satellite communications and transmission services for a wide range of broadcasting and telecommunications applications to customers requiring power, connectivity and market access in Asia.

THE EXTRAORDINARY STORY OF ASIASAT 1

"Reduce, Reuse, Recycle" has become a popular environmental mantra recently, but AsiaSat has been putting it into practice since we were established in 1988. Back then, we had the idea of reusing a satellite named Westar 6, which had originally been launched from the space shuttle in 1984, but later became stranded in a useless low orbit. After being retrieved from space by NASA astronauts, AsiaSat purchased, refurbished and, on 7 April 1990, relaunched the satellite aboard a Long March CZ-3 rocket, to begin a new life serving Asia as AsiaSat 1.

Milestones

The Birth of AsiaSat

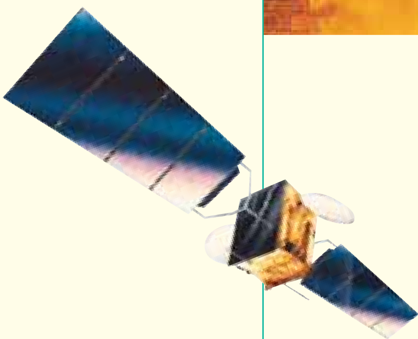
Formation of Asia's first privately-owned regional satellite operator in February 1988.

AsiaSat 1 Launch

April 1990 from Xichang, China. Pioneered regional satellite TV broadcasting in Asia.

AsiaSat 2 Launch

November 1995 from Xichang, China.



1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998

AsiaSat 2 in Service

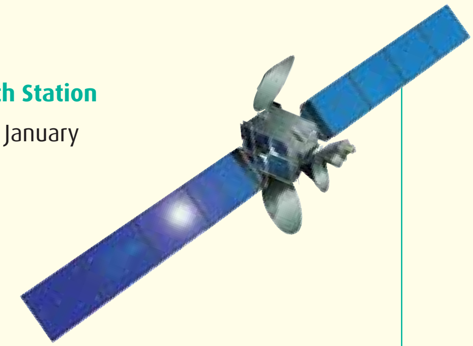
Opened a new era of digital broadcasting in Asia.

Dual Listing

AsiaSat shares started trading on the Hong Kong and New York stock exchanges in June 1996.

AsiaSat Tai Po Earth Station

Fully operational in January 2004.



1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

SpeedCast

A joint venture formed to diversify into broadband services.

Skywave TV

80% owned subsidiary commenced direct to home TV service.

AsiaSat 4 Launch

April 2003 from Cape Canaveral, Florida, USA.

AsiaSat 3S Launch

March 1999 from Baikonur, Kazakhstan.

AsiaSat 5 Launch

Scheduled for 3rd quarter 2009 from Baikonur, Kazakhstan.

Corporate Information

Chairman and Non-executive Director

MI Zeng Xin

Deputy Chairman and Non-executive Director

Sherwood P. DODGE	*(appointed on 6 February 2009)*
Ronald J. HERMAN, Jr.	*(resigned on 6 February 2009)*

Executive Directors

Peter JACKSON	(Chief Executive Officer)
William WADE	(Deputy Chief Executive Officer)

Non-executive Directors

DING Yu Cheng	
GUAN Yi	*(appointed on 6 February 2009)*
JU Wei Min	
John F. CONNELLY	
Mark CHEN	
Nancy KU	
KO Fai Wong	*(resigned on 6 February 2009)*

Independent Non-executive Directors

Edward CHEN

James WATKINS

Robert SZE

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	
Sherwood P. DODGE	

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

Other Bankers

China Construction Bank (Asia) Corporate Limited

Mizuho Corporate Bank, Limited (Hong Kong Branch)

Standard Chartered Bank (Hong Kong) Limited

UBS AG

Principal Solicitors

Mayer Brown JSM

Paul, Weiss, Rifkind, Wharton & Garrison

Registered Office

Canon's Court, 22 Victoria Street

Hamilton HM12, Bermuda

Head Office

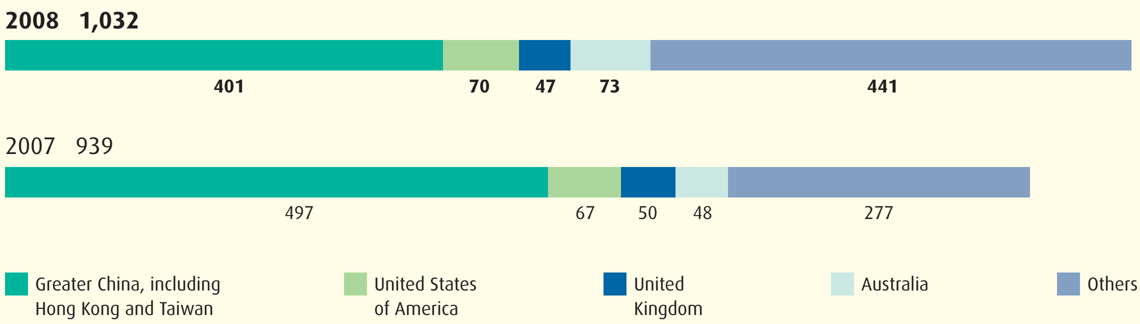
19th Floor, Sunning Plaza, 10 Hysan Avenue

Causeway Bay, Hong Kong

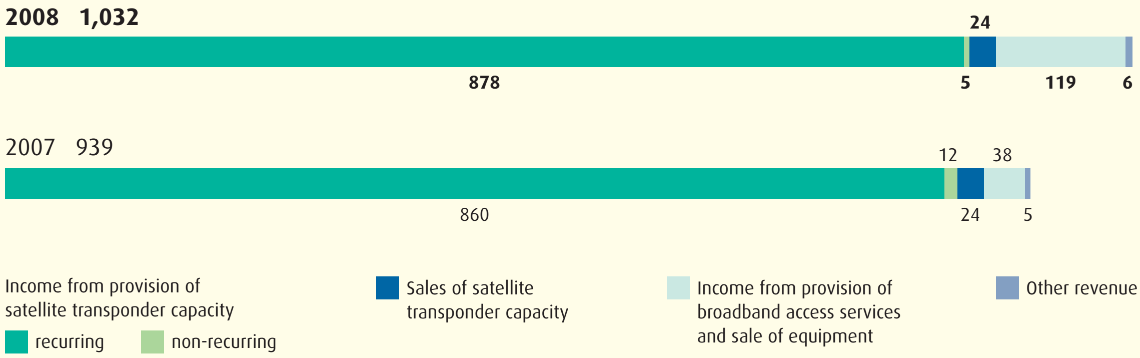
Financial Highlights

		2008	2007	Change
Turnover	HK$M	**1,032**	939	+10%
Profits attributable to equity holders	HK$M	**485**	503	-4%
Dividend	HK$M	**153**	153	—
Capital and reserves	HK$M	**5,132**	4,807	+7%
Earnings per share	HK cents	**124**	129	-4%
Dividend per share	HK cents	**39**	39	—
Dividend cover	Times	**3.2**	3.3	-3%
Return on equity holders' funds	Percent	**9**	10	-1%
Net assets per share – book value	HK cents	**1,312**	1,229	+7%

Analysis of Sales by Region (HK$M)



Analysis of Sales by Business (HK$M)



Chairman's Statement

Optimism in Turbulent Times

Turnover increases despite downturn

In 2008, we celebrated AsiaSat's 20th anniversary amid a challenging economic environment for Asia and the rest of the world. Despite the current downturn, however, I am pleased to inform you that we have been able to maintain our core profits with only a very marginal decrease in overall profit and we remain optimistic about the future of AsiaSat.

Our core business continued to improve in 2008, leading to a steady increase in turnover. Revenue from transponders leased to customers increased, along with utilisation levels. However, the global economic crisis and downturn have negatively affected our bottom line. We have experienced both a significant decrease in interest income and increased problems with debt collection, hence profit before income tax did not rise in line with the increased revenue.

No company will be wholly unaffected by the global economic crisis, and it is by no means clear what further developments are in store. From this vantage point, we anticipate that 2009 will be a challenging year for the whole industry in Asia with a continuing surplus of transponder capacity in the region.

As we mark 20 years of AsiaSat, we feel confident that the launch of our next generation of satellites, AsiaSat 5 and AsiaSat 6, backed by a strong balance sheet and world-class management, will provide a firm foundation for the next 20 years of providing superior service to customers in Asia and beyond.

Financial Results

Turnover

Turnover for the year ended 31 December 2008 was HK$1,032 million (2007: HK$939 million), an increase of 10%. This was primarily driven by an increase in transponders leased and the inclusion of SpeedCast Holdings Limited's ("SpeedCast's") full-year revenue of 2008, since SpeedCast became a wholly-owned subsidiary of AsiaSat in the second half of 2007.

Financial Results (continued)

Profit

The profit attributable to equity holders for 2008 was HK$485 million (2007: HK$503 million), a decline of 4%. A 39% drop in interest income earned from bank deposits and increased problems with debt collection affected the profit before taxation with the result that it did not grow in line with the increased turnover.

Operating expenses

In 2008, operating expenses amounted to HK$275 million (2007: HK$182 million). The substantial increase primarily resulted from the consolidation of SpeedCast's full-year expenses and also the increase in the provision for impairment of trade debtors.

Depreciation

Depreciation in 2008 was HK$304 million (2007: HK$299 million). The increase was mainly attributable to the inclusion of SpeedCast's full-year depreciation, since it became a wholly-owned subsidiary of AsiaSat in the second half of 2007.

Cash flow

In 2008, the Group generated a net cash inflow of HK$157 million (2007: HK$309 million); after capital expenditure of HK$366 million (2007: HK$261 million) and dividends of HK$152 million (2007: HK$137 million). At the end of 2008, the Group's cash balance stood at HK$2,445 million (2007: HK$2,288 million). The Group continues to be debt free.

Dividend

At the forthcoming Annual General Meeting to be held on 21 May 2009, directors of the Company ("Directors") will recommend a final dividend of HK$0.31 per share (2007: HK$0.31 per share). This, together with the interim dividend of HK$0.08 per share (2007: HK$0.08 per share), gives a total dividend of HK$0.39 per share in 2008 (2007: HK$0.39 per share). The register of members of the Company will be closed from Thursday, 14 May 2009 to Thursday, 21 May 2009 (both days inclusive), during which period no transfer of shares in the Company will be affected.

Business Review

New satellites

AsiaSat 5

The construction of our new satellite, AsiaSat 5, which is to replace AsiaSat 2 at the orbital location of 100.5°E, is progressing according to plan. When scheduling a launch date for a replacement satellite such as AsiaSat 5, it is the Company's policy to mitigate the risk of a possible launch failure by allowing enough time to build and launch a replacement satellite before the retirement date of the satellite being replaced. To this end, following further notice from Sea Launch, the launch provider, on delays in the availability of the Land Launch vehicle, we have entered into an agreement with ILS International Launch Services, Inc., another launch provider, to launch AsiaSat 5 on a Proton launch vehicle from the Baikonur Cosmodrome in the Republic of Kazakhstan in the third quarter of 2009.

The construction of AsiaSat 6, initially intended to replace AsiaSat 3S, can also act as a backup for AsiaSat 5 in the event of a launch failure.

AsiaSat 6

As noted above, AsiaSat 6 is intended to replace AsiaSat 3S, but also provides customers with additional reassurance that service will be uninterrupted in the event of a launch failure of AsiaSat 5. The Board is still reviewing the construction plan of AsiaSat 6 and will keep the Shareholders apprised of the progress.

In-orbit satellites

The Group's three in-orbit satellites, AsiaSat 2, AsiaSat 3S and AsiaSat 4, continued to deliver an excellent standard of service to our customers throughout 2008. As indicated above, the number of transponders leased increased by 25% from the prior year end, including four Broadcast Satellite Service ("BSS") transponders leased to Skywave TV Company Limited ("Skywave") for its Direct to Home ("DTH") services. Utilisation rates increased from 49% to 60%. These increases are mainly attributable to new customers on AsiaSat 4. Once again, the superior service quality we are able to provide through our Tai Po Earth Station and backup support provided by our leased Stanley station have contributed significantly in this growth.

Business Review (continued)

Transponder master agreement with CITIC Group

Since the promulgation of the Telecommunication Ordinance of the People's Republic of China ("PRC") in 2000, the Group had been in discussion with the Ministry of Industry and Information Technology of the PRC concerning the licence for operating satellite transponder capacity services in China. On 5 January 2009, a transponder master agreement signed among Asia Satellite Telecommunications Company Limited ("AsiaSat", an indirect wholly-owned subsidiary of the Company), CITIC Networks Co., Ltd. ("CITIC Networks", a wholly-owned subsidiary of CITIC Group), and CITIC Networks Co., Ltd. Beijing Satellite Telecommunications Branch ("CITICSat", the branch established and run by CITIC Networks) was approved by the independent shareholders. Under the agreement, CITIC Networks and CITICSat granted AsiaSat the right to provide transponder capacity for use by their customers.

The agreement enables AsiaSat to benefit from the extensive and established business networks of both CITIC Group and CITIC Networks as it further explores business opportunities in China.

SpeedCast

SpeedCast, which became a wholly-owned subsidiary of AsiaSat in 2007, provides two-way satellite services including broadband access services to customers in countries across Asia and beyond.

SpeedCast's turnover for the year ended 31 December 2008 was HK$118 million (2007: HK$105 million). The company recorded a net profit of HK$0.7 million for the year (2007: net loss of HK$4.8 million). This was mainly attributable to the growth in revenue from the two-way broadband access business.

Skywave

Skywave is an 80% owned subsidiary of AsiaSat operating a low cost regional DTH service for Hong Kong, Macau, Taiwan and surrounding areas. Skywave offers 34 programmes under its family, premium movies and premium sports brands.

Skywave's business remained static in 2008, and is expected to do so for the foreseeable future, on account of the highly restricted market in which it operates. In 2008, Skywave incurred a loss of HK$4.8 million (2007: HK$4.9 million), of which the Group's share was HK$3.8 million (2007: HK$3.9 million).

Business Review (continued)

Auspicious Colour

Auspicious Colour Limited ("Auspicious Colour"), a wholly-owned subsidiary of the Company, holds a Non-domestic Television Programme Service Licence in Hong Kong. In order to expand our service offering, we have installed a Multiple Channels Per Carrier ("MCPC") platform on both AsiaSat 2 and AsiaSat 3S. These platforms offer our customers access to our satellites in a more efficient and cost effective manner by obviating the need for them to set up their own platform or contract separate uplink services. Through this licence, held by Auspicious Colour, the Company offers a one-stop solution that combines the provision of satellite capacity and uplink services to broadcasters.

Compliance

In 2008, we successfully delisted from the New York Stock Exchange and have now applied to deregister from the U.S. Securities and Exchange Commission ("SEC"). Going forward, we will continue to maintain rigorous standards of corporate governance, without incurring the costs associated with the SEC's reporting requirements.

Outlook

Our 20th anniversary year saw the Group's performance strengthen in line with a more dynamic Asian satellite market, as reflected in our increased transponder utilisation rates and a steady flow of new contracts. This took place, however, in the context of a credit crisis and subsequent global economic slowdown that have created a great deal of uncertainty for 2009 – especially as it is now beyond doubt that future growth in Asian economies will also be significantly affected.

Recessions have historically been slow to reach the satellite industry, and have made less impact when they do arrive than in other sectors. The impact is mitigated in part by the often counter-cyclical nature of the home entertainment industry. The global economic crisis will of course continue to be a challenge for us and our customers. However, we believe that the fundamental growth drivers of the Asian satellite industry remain solid despite the downturn.

This growth will be driven in the long-term by the intrinsic technological advantages that satellites hold over terrestrial systems in supporting television distribution services and multi-site low data rate or private telecommunications networks in remote locations, and the opening up of the region's television, internet and mobile telephony markets to increased competition across multiple platforms. In the medium-term, we see ongoing growth potential in High Definition ("HD") television technology, Internet Protocol Television ("IPTV"), video-to-mobile and DTH services, as well as in mobile and internet connectivity in rural areas.

Outlook (continued)

While the economic downturn has presented challenges to our bottom line, we are greatly encouraged by the topline growth we have experienced in 2008. This growth in turnover is a testament to the continued loyalty of our blue chip customers and to the growing number of new customers choosing to take advantage of our reliable, high-quality services.

AsiaSat is a market leader in the Asia-Pacific region, remains financially strong and free of debt, and continues to set industry benchmarks for customer services, operating standards and management expertise. Our continuing focus on cost control has served us well in the past and will continue to do so in the future. Growth opportunities are likely to be limited in the coming year, but our strong, debt-free balance sheet puts us in a strong position to take advantage of those that do appear.

Directors and Senior Management

I would like to welcome Mr. Sherwood P. DODGE and Mr. GUAN Yi who joined the Board on 6 February 2009. I would also like to express my sincere thanks to Mr. Ronald J. HERMAN, Jr. and Mr. KO Fai Wong for their past years' services in the Board.

Additionally, I would also like to welcome Mr. ZHANG Hai Ming who joined the Company as General Manager, China in August 2008.

On behalf of our Shareholders and my fellow Directors, I wish to express our sincere gratitude to all staff for their dedication and contribution throughout 2008.

MI Zeng Xin

Chairman

Hong Kong, 19 March 2009

Operations Review

Market Review

As noted in the Chairman's Statement, the Asian satellite industry will not escape the adverse effects of the ongoing global economic downturn. Recessions tend to have a delayed effect on the satellite industry, and we have not seen any significant impact on our business yet. However, we believe that 2009 will be a challenging year for the Asian satellite industry with a continuing surplus of transponder capacity in the region. Nevertheless, there are also several encouraging medium-term and long-term growth drivers at play.

The broadcast sector has been the main driver of increased demand for satellite capacity across Asia, which has worked to our benefit. Today, AsiaSat serves over 100 broadcasters, delivering some 300 television channels across the Asia-Pacific region.

This increased demand is driven in part by the growing number of pay TV platforms in Asia. These new platforms rely on new content and high viewing quality, using digital or High Definition Television ("HDTV") to differentiate themselves in a highly competitive and crowded market.

HDTV in particular presents the greatest potential opportunity for AsiaSat. Asia continues to trail the U.S. and Europe in HDTV penetration, but the 2008 Beijing Olympics – the first in HD Olympics – modestly boosted demand. We also expect demand for HDTV to increase following the DVD industry's decision to adopt the Blu-ray standard system for High Definition DVDs, allowing customers to commit to buying HDTV equipment without the fear of investing in a soon to be obsolete system.

New television channels continue to be launched in Asia, driving market growth. This is driven in part by the introduction of new distribution platforms, such as Direct to Home ("DTH") satellite television and Internet Protocol Television ("IPTV") delivered by the terrestrial broadband networks in many countries. This is particularly true in India, where we have secured many new contracts and attracted many new customers.

Market Review (continued)

As mentioned in the Chairman's Statement, we believe that the inherent advantages that satellites hold over terrestrial systems will continue to be a driver of growth. Furthermore, governments in developing countries are increasingly looking to improve communications infrastructure, including mobile phone coverage and internet backbone connections, to their poorest and least accessible regions. In addition, the need to provide government emergency communication networks using satellite technology has become apparent after several natural disasters in the region, during which all terrestrial communication networks were rendered inoperable.

New satellite capacity

The oversupply of satellite capacity for Asia continues. There are plans to launch approximately 16 new satellites, including five replacements, totalling nearly 400 transponders with coverage overlapping some of AsiaSat's footprints. However, our broadcast customers fully appreciate that coverage does not imply access. AsiaSat's value lies in the instantaneous access we offer to hotels, cable operators, DTH platforms and other pay TV platforms in the region. We, along with our customers, have built up very successful television platforms on our fleet over the last 20 years, and this leading position cannot be easily replicated despite the current surplus of capacity.

Short-term demand

Demand remained firm in 2008 and there have been some promising regulatory developments in several markets, although foreign ownership restrictions continue to limit new DTH services to using domestic satellite operators, discouraging foreign investment. Nevertheless, new DTH services are absorbing overall surplus Ku-band capacity in the region.

Medium to long-term demand

There is much ground for optimism looking forward. We believe that many markets will open up and encourage a competitive DTH market over the medium-term, and we remain confident that governments in the region will eventually give way to commercial pressures and allow access to domestic markets for foreign operators and foreign investment. The strong growth outlook for DTH suggests that domestic satellite operators will not be able to meet demand over the medium-term, creating opportunities for AsiaSat.

A further growth driver is the increasing demand for high quality content. Competing content providers will require greater satellite capacity to deliver their high quality content to national television systems that may use cable, DTH satellite or Internet Protocol technology to reach customers.

Other developing technologies, including HDTV, video to mobile and service bundling, will also stimulate demand for satellite capacity across Asia going forward.

Market Review (continued)

Growth strategies

We remain committed to maintaining and growing our strong customer base. Our growth strategy springs from our basic commitment to providing our customers with superior quality products and services. This has allowed us to win new customers and renew existing customer contracts while maintaining our premium pricing over competitors and optimising the balance between contract length and lease rates.

Guided by this principle, we expanded our offering to include new value-added services in 2008.

AsiaSat 3S is now equipped with a Multiple Channels Per Carrier ("MCPC") platform, which complements the existing MCPC platform on AsiaSat 2. This allows broadcast customers to access AsiaSat 3S's wide viewership in a more efficient and economical manner. In addition, our wholly-owned subsidiary, SpeedCast Holdings Limited ("SpeedCast"), is now offering value-added services such as uplinking, fibre backhaul, shared very small aperture terminal and turnkey data services from our Tai Po Earth Station in Hong Kong.

From a corporate perspective, we continue to look to organic growth, potential acquisitions and strategic partnerships with operators and service providers to drive expansion.

Performance Review

The Group again demonstrated a strong growth in turnover in 2008. Turnover was up by HK$93 million or 10% from the previous year, primarily driven by an increase in transponders leased and the inclusion of SpeedCast's full-year revenue of 2008, since SpeedCast became a wholly-owned subsidiary of AsiaSat in the second half of 2007. The profit attributable to equity holders for 2008 decreased by HK$18 million or 4% from the previous year, due to a decline in interest income and increased problems with debt collection.

Satellites

New satellites

AsiaSat 5

In the 2008 interim report, the Chairman reconfirmed with shareholders that the construction of our new satellite, AsiaSat 5, by Space Systems/Loral, Inc. ("SS/L") was on schedule, but that there was a delay in launch vehicle availability owing to supplier issues regarding the launch vehicle hardware. In that report, the Chairman gave an estimated launch date of June 2009. However, in early 2009 we were informed that the availability of the launch vehicle was further delayed into 2010. This further delay was unacceptable and we therefore looked for an alternative launch vehicle.

Satellites (continued)

New satellites (continued)

AsiaSat 5 (continued)

On 20 February 2009, we entered into a launch contract with ILS International Launch Services, Inc. to provide a Proton launch vehicle to launch AsiaSat 5 in the third quarter of 2009.

It is our practice to allow enough time for two attempts to build and launch a satellite before the outgoing satellite is decommissioned, in order to ensure continuous service in the event of an initial launch failure. The delays to the launch of AsiaSat 5 have put pressure on this commitment, but as the Chairman mentioned in the 2008 interim report and as demonstrated above, we have put in place strong plans to ensure service continuity. Specifically, the Board has approved the accelerated construction of AsiaSat 6, which, while primarily intended to replace AsiaSat 3S, can also back up AsiaSat 5 in the event of a launch failure.

AsiaSat 5 will replace AsiaSat 2 in advance of AsiaSat 2's scheduled retirement in the second quarter of 2011, and will be located at the orbital location of 100.5°E. It will now be launched by the Proton launch vehicle from the Baikonur Cosmosdrome in the Republic of 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-powered 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.

AsiaSat 6

We are accelerating the construction of AsiaSat 6, which is now at procurement phase. AsiaSat 6 is intended to replace AsiaSat 3S, but can also act as a backup for AsiaSat 5 in the event of launch failure.

In-orbit satellites

Our three in-orbit satellites - AsiaSat 2, AsiaSat 3S and AsiaSat 4 - performed well throughout 2008 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 our range of services combine to give us the unique ability to provide our customers with highly reliable access to two-thirds of the world's population from a single satellite.

Satellites (continued)

In-orbit satellites (continued)

AsiaSat 2, launched in 1995, carries 24 C-band and 9 Ku-band transponders and orbits at 100.5°E. As of 31 December 2008, its overall utilisation rate increased to 53% (2007: 44%), due to new contracts from new and existing customers.

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. Its overall utilisation rate as at 31 December 2008 increased to 69% (2007: 62%), mainly due to contracts from new customers and greater utilisation from existing customers.

AsiaSat 4, launched in 2003, is positioned at 122°E. Its configuration offers 28 C-band and 20 Ku-band transponders including a Broadcast Satellite Service ("BSS") payload. Its overall utilisation rate as at 31 December 2008 increased to 58% (2007: 40%), mainly due to new customers.

Overall, as at 31 December 2008, the total number of transponders leased and sold for all the three satellites was 76 (2007: 61 transponders), an increase of 25%; while the overall utilisation rate of the satellites increased to 60% (2007: 49%). 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$65 million (2007: HK$50 million), representing some 6% of the recurring revenue and an increase of more than 30% compared to that of last year.

Earth Stations: Tai Po and Stanley

The Group's wholly-owned 5,711 square metre Tai Po Earth Station in Hong Kong, operated successfully throughout the year. Our satellite fleet is controlled and monitored from Tai Po's ten full performance antennas: three 6.3 metre antennas, five 7.3 metre antennas, one 9 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 fully redundant 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 backup services.

The Stanley Station has seven full performance antennas: one 5 metre antenna, three 6 metre antennas, one 9 metre antenna and two 11 metre antennas. 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.

Contracts on Hand

As at 31 December 2008, the Group had a contracted backlog of HK$2,887 million (2007: HK$2,130 million), an increase of HK$757 million. The increase resulted in part from new contracts from new customers and early renewal of long-term contracts from existing customers.

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 our 80% owned subsidiary Skywave TV Company Limited ("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 backup services for our customer, STAR, in the event of an emergency at its facilities.

Transponder master agreement with CITIC Group

As mentioned in the Chairman's Statement, AsiaSat had been in discussion with the Ministry of Industry and Information Technology of the People's Republic of China concerning the licence for operating satellite transponder capacity services in China. On 5 January 2009, a transponder master agreement signed among Asia Satellite Telecommunications Company Limited ("AsiaSat", an indirect wholly-owned subsidiary of the Company), CITIC Networks Co., Ltd. ("CITIC Networks", a wholly-owned subsidiary of CITIC Group), and CITIC Networks Co., Ltd. Beijing Satellite Telecommunications Branch ("CITICSat", the branch established and run by CITIC Networks) was approved by the independent shareholders. Under the agreement, CITIC Networks and CITICSat granted a right to AsiaSat to provide the transponder capacity for use by their customers.

The agreement enables AsiaSat to benefit from the extensive and established business networks of both CITIC Group and CITIC Networks as it further explores business opportunities in China.

Corporate Development

AsiaSat successfully delisted from the New York Stock Exchange in January 2008, and has now applied to deregister from the U.S. Securities and Exchange Commission ("SEC") to relieve the Group of the reporting requirements imposed by SEC. While we remain committed to a rigorous standard of corporate governance and disclosure, we will no longer incur the costs associated with maintaining this listing.

Subsidiaries

SpeedCast

The full year 2008 revenue of SpeedCast, a wholly-owned subsidiary of AsiaSat since November 2007, was HK$118 million, a 12% rise from 2007 (HK$105 million). The increase was due to growth in revenue from two-way broadband access business.

SpeedCast is an industry leader in the region, with hubs in Hong Kong, Malaysia and Indonesia enabling the company to offer comprehensive services to key regional markets. The company's core business is the provision of two-way backbone broadband access services, and the company is also taking advantage of the growing demand for video to mobile services.

Skywave

Skywave, an 80% owned subsidiary of AsiaSat, provides its customers with a variety of 34 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 achieved by cable. Skywave and its business 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 costs, 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.

Subsidiaries (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. We do not anticipate that Skywave will be in a position to contribute positively to AsiaSat's results in the near term. Unless regulations governing the reception of DTH services in the coverage area change, management predicts only a slow to moderate growth in subscriber numbers and revenue.

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, 19 March 2009

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 2008, 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 financial statements 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 financial statements for the year ended 31 December 2008, the Directors have:

- selected suitable accounting policies and applied them consistently;
- appropriately adopted all applicable Hong Kong Financial Reporting Standards, which are in conformity with the International Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the financial statements 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 ("RC") should be Independent Non-executive Directors ("INEDs"). However, the RC is composed of three members, of whom one is an INED and the other two are Non-executive Directors ("NEDs"). The RC is chaired by the INED. It is logical to have a small RC as it allows open, frank and very focused discussions. Strict compliance with the CG Code would have the RC consist of at least five members, implying that all the INEDs and close to half of the NEDs would have to participate in the RC so as to maintain the balance of input from the major shareholders' representatives.

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 2008.

The Company

The Company is listed on the Hong Kong 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 CITIC Group ("CITIC") and General Electric Company ("GE") 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 directors (the "Board") of the Company. Following the completion of the Mandatory General Offers ("MGOs") on 26 June 2007, the total shareholding of CITIC and GE have increased to 74.43% in the Company, in which, both CITIC and GE have equal voting rights in the Company. The details have been set out in the Directors' Report.

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 ("EDs"), who are also the Chief Executive Officer ("CEO") and the Deputy Chief Executive Officer ("DCEO") 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 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.

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 ("AC"), the Nomination Committee ("NC") and the RC, 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 the Business Development Committee which reviews strategic business initiatives.

The role of the Chairman and the CEO are segregated and not exercised by the same individual. Currently, Mr. MI Zeng Xin and Mr. Sherwood P. DODGE act as Chairman and Deputy Chairman respectively. In addition, Mr. Peter JACKSON acts as CEO.

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 CEO 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 Annual General Meeting ("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.

Board Committees

The following table summarises the attendance of individual Directors and committee members in 2008:

	Meetings attended / held in 2008			
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Number of meetings	**4**	**2**	**3**	**2**
	Attendance	Attendance	Attendance	Attendance
Directors				
NEDs				
MI Zeng Xin(1)	4			2
Ronald J. HERMAN, Jr.(2) (resigned on 6 February 2009)	4			2
John F. CONNELLY(2)	3			
Mark CHEN(2)	4	2		
Nancy KU(2)	4		2	
DING Yu Cheng(1)	4			
JU Wei Min(1)	4	1	3	
KO Fai Wong(1) (resigned on 6 February 2009)	4			
INEDs				
Edward CHEN	4	2		2
James WATKINS	4	2	3	
Robert SZE	4	2		
EDs				
Peter JACKSON (CEO)	4			
William WADE (DCEO)	4			
Average attendance rate	98%	90%	89%	100%

(1) CITIC appointed directors.

(2) GE appointed directors.

Remuneration of Directors and Senior Executives

The RC is established as a committee of the Board. The RC:

(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 EDs;

  (b) pay and conditions for other employees below the ED level; and

  (c) emoluments of the INEDs and NEDs prior to approval of award by the Board before the commencement of each financial year.

The RC shall have the sole authority to:

(i) retain or terminate consultants to assist the RC in the evaluation of Director, CEO 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 RC.

The RC is composed of three members, of whom one is an INED and the other two are NEDs. The RC is chaired by the INED. The RC 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 RC in 2008:

(i) commissioned an independent consultant to:

  (a) approve the bonus that is commensurate with the practice in Hong Kong for a listed company; and

  (b) recommend to the Board the salary of senior executives.

(ii) approved a sales incentive plan;

(iii) approved the amount of restricted share award for eligible staff for 2008;

(iv) developed the methodology for calculating the bonus portion; and

(v) approved 2009 salary review.

Remuneration of Directors and Senior Executives (continued)

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 comparable with the market. The basis of determining the emoluments payable to the Directors was 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.

Nomination of Directors Relating to Appointment and Removal of Directors

The NC is established as a committee of the Board. The NC:

(i) identifies individuals qualified to become Board members (consistent with criteria approved by the Board);

(ii) selects or recommends to the Board to be the nominees for the next AGM 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 succession planning for the CEO.

The following is a summary of the work of the NC in 2008:

(i) confirmed the replacement of senior executives;

(ii) for Directors who are due for re-election at the AGM in 2009, the NC recommended those directors' appointments to be approved at the AGM;

(iii) reviewed the succession planning methodology of short-term and long-term replacements for the senior executives of the Company; and

(iv) oversaw the self-assessment of the Board and its committees.

Nomination of Directors Relating to Appointment and Removal of Directors (continued)

The NC 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 and such other professionals' fees and retention terms.

Auditors' Remuneration

The fees incurred and described below for 2008 were as follows:

	2008	2007
	HK$'000	HK$'000
Audit Fees	**1,300**	1,707
Tax Fees	**863**	161
All Other Fees	**60**	40
	2,223	1,908

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. Following the Company's delisting from the New York Stock Exchange on 28 January 2008 and the application for deregistration with the U.S. Securities and Exchange Commission ("SEC") on 10 March 2009, the Auditors did not perform the audit of the internal controls over financial reporting for 2008 as the Company is no longer required to report under Section 404 of the Sarbanes-Oxley Act 2002, subject to the completion of its deregistration with the SEC.

Tax fees

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

Auditors' Remuneration (continued)

All other fees

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

Audit Committee

The primary objective of the AC 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 Exchange;

(ii) the Group's compliance with legal and regulatory requirements;

(iii) the Independent Auditors' ("IAs") 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 IAs.

The members of the AC 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 AC shall have the sole authority and responsibility to:

(i) select, evaluate and, where appropriate, replace the IAs (or to nominate the IAs for shareholders' approval);

(ii) approve all audit engagement fees and terms and all non-audit engagements with the IAs; and

(iii) perform such other duties and responsibilities set forth in any applicable independence and regulatory requirements. The AC may consult with management, including the Chief Financial Officer and the personnel responsible for the internal audit function, but shall not delegate these responsibilities.

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 2008, 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. The audit findings and control weaknesses, if any, are reported to the AC. The Internal Auditor monitors the follow-up actions agreed upon in response to its recommendations.

Resources

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

Funding

The AC shall determine the extent of funding necessary for payment of:

(i) compensation to the IAs 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 AC; and

(iii) ordinary administrative expenses of the AC that are necessary or appropriate in carrying out its duties.

Composition

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

The following is a summary of the work of the AC in 2008:

(i) reviewed the financial statements and reports for the year ended 31 December 2007 and for the six months ended 30 June 2008;

(ii) reviewed the effectiveness of the internal control system and of internal control over financial reporting in conjunction with management, internal audit and the IAs;

(iii) reviewed the IAs' statutory audit plan and the letters of representation;

(iv) considered and approved the 2008 audit fees;

(v) considered and approved the non-audit services fees for the Group;

(vi) reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2008 in conjunction with the Group's IAs;

(vii) reviewed the "Continuing Connected Transactions" set forth on pages 48 and 49 prior to the review and confirmation by the Board; and

(viii) conducted a private session with the IAs.

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 comprehensive 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.

Accountability and Audit (continued)

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 2008, the Board, through its AC, 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 AC made reference to the requirements of the relevant regulatory bodies. The AC is of the view that, in general, the Group has set up a sound control environment and implemented an effective system of internal control.

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 CEO. If the complaint is about the CEO or a Director, the employee can report directly to the Chairman of the AC.

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 matters internally direct to the Chairman of the AC, 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 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 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.

At the AGM, shareholders can vote on each proposed resolution and all issues to be considered by shareholders will be proposed at the general meeting as separate resolutions. Pursuant to the new Listing Rules requirement effective from 1 January 2009, voting by poll is now mandatory for all shareholders meetings.

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$485 million (2007: HK$503 million), a decrease of HK$18 million or 4% from the prior year. The decrease was mainly attributable to the lower interest income from the short-term bank deposits resulting from a decline in interest rates during the year and an impairment provision for trade receivables. A smaller tax provision due to the tax rate cut has helped the profit for the year.

Turnover

Turnover for the year increased by 10% to HK$1,032 million (2007: HK$939 million). The increase in turnover primarily reflected the full-year effect of net contribution amounting to HK$74 million from SpeedCast Holdings Limited ("SpeedCast"), as compared to HK$22 million which represented only 4 months in the year 2007. The remaining increase mainly represented growth in our existing business. Nevertheless, the increase has been offset by a reduction in non-recurring revenue for early termination of contracts of HK$7 million from HK$12 million in the prior year.

Cost of services

Cost of services of HK$421 million (2007: HK$403 million) represented an increase of HK$18 million. The increase was primarily due to the full-year effect of the inclusion of costs of SpeedCast, compared to four months in 2007. However, the continued effort on control over the expenditure, including savings in the satellite in-orbit insurance, has mitigated the increase due to the consolidation of SpeedCast's cost of services.

Other gains

Gains of HK$68 million (2007: HK$109 million) mainly arose from the interest income from short-term bank deposits. The decline was due to the reduction in interest rates in 2008, as compared to 2007.

Administrative expenses

Administrative expenses were HK$158 million (2007: HK$78 million), an increase of HK$80 million or 103%. The increase was mainly due to the full-year effect reflecting SpeedCast's administrative expenses versus 4 months in year 2007. Another reason contributing to the increase came from an additional provision for impairment of trade receivables amounting to HK$22 million.

Financial Review (continued)

Share of losses of associates

The share of losses of associates was nil (2007: HK$11 million).

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 16.5% (2007: 17.5%) of the estimated assessable profit for the year. The Group's effective tax rate for the year was approximately 7% (2007: 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 31 to the consolidated financial statements.

Financial results analysis

The financial results are highlighted below:

		2008	2007	Change
Turnover	HK$M	**1,032**	939	+10%
Profits attributable to equity holders	HK$M	**485**	503	-4%
Dividend	HK$M	**153**	153	—
Capital and reserves	HK$M	**5,132**	4,807	+7%
Earnings per share	HK cents	**124**	129	-4%
Dividend per share	HK cents	**39**	39	—
Dividend cover	Times	**3.2**	3.3	-3%
Return on equity holders' funds	Percent	**9**	10	-1%
Net assets per share - book value	HK cents	**1,312**	1,229	+7%

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 and launch of AsiaSat 5. 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$157 million (2007: HK$309 million) and remained debt free in 2008.

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 and a majority of the expenditure of the Group are denominated in U.S. Dollars or Hong Kong Dollars, there is no need to hedge for currency risk.

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 2008, the value of contracts on hand amounted to HK$2,887 million (2007: HK$2,130 million), the majority of which will be realised over the next few years. Almost all the contracts are denominated in U.S. Dollars. The increase in backlog was attributable to several significant new and renewed contracts secured during 2008. The Group has worked hard to explore new business opportunities to reduce the effect of our customers not willing to make long-term commitments in the current market conditions.

Significant Investments, Their Performance and Future Prospects

SpeedCast

SpeedCast, an indirect wholly-owned subsidiary of the Company, provides broadband, multimedia and corporate broadcast services to customers in countries across Asia and beyond.

For the year ended 31 December 2008, the turnover of SpeedCast was HK$118 million (2007: HK$105 million), a stable increase of HK$13 million or 12%. SpeedCast made a profit of HK$0.7 million in 2008, as compared to a net loss of HK$4.8 million in 2007.

Significant Investments, Their Performance and Future Prospects (continued)

Skywave

Skywave TV Company Limited ("Skywave"), in which the Company holds an 80% interest, operates a low cost Direct to Home platform to serve the markets of Hong Kong, Taiwan, Macau and surrounding areas.

Operating under a Hong Kong Non-domestic Television Program Service licence, Skywave offers a variety of some 34 full time TV channels to authorised subscribers in the AsiaSat 4 Broadcast Satellite Service ("BSS") coverage area. Skywave is a niche service offering quality content throughout the region to customers not readily served by cable. Working through its business partners, the Skywave platform provides a comprehensive offering from hardware distribution and product promotion, to customer service and subscriber management.

For the year 2008, Skywave incurred a loss of approximately HK$4.8 million (2007: HK$4.9 million), of which the Company's share was about HK$3.8 million (2007: HK$3.9 million).

Material Acquisitions and Disposals of Subsidiaries and Associated Companies

During the year, there were neither material acquisitions nor disposals of subsidiaries or associated companies.

Segment Information

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

Employees and Remuneration Policies

As at 31 December 2008, the Group had 154 permanent staff (2007: 142).

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.

Employees and Remuneration Policies (continued)

The share award scheme (the "Share Award Scheme") was established on 22 August 2007, it is a long-term incentive plan with the objective to attract and retain the best senior staff for the development of the Company's business. Under the Share Award 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 Share Award 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 Share Award 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 2008, there were no charges on any of the Group's assets.

Capital Commitments

Details of the capital commitments of the Group are set out in note 33 to the consolidated financial statements.

As at 31 December 2008, the Group had total capital commitments of HK$547 million (2007: HK$795 million), of which HK$261 million (2007: HK$503 million) was contracted for but not provided in the consolidated financial statements, and the remaining HK$286 million (2007: HK$293 million) was authorised by the Board but not yet contracted.

Gearing Ratio

As at 31 December 2008, 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 2008, almost all the Group's transponder utilisation 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 31 to the consolidated financial statements.

Biographical
Details of Directors and Senior Management

Directors

MI Zeng Xin, aged 58, was appointed a Non-executive Director ("NED") of the Company on 28 February 2001. Since then, he acted as Chairman and Deputy Chairman of the Company on a rotational basis. Currently, he acts as Chairman of the board of directors (the "Board"). He is an Executive Director ("ED") and a Vice President of CITIC Group ("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 ("CEO") 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 and Vice Chairman of CITIC Resources Holdings Limited in Hong Kong. He joined CITIC in 1985 and holds a Master of Science degree.

Sherwood P. DODGE, aged 53, was appointed a NED and Deputy Chairman of the Company on 6 February 2009. He is the President and CEO of GE Capital – Equity, America. He joined General Electric in 1988 in Chicago as Vice President of Commercial Financial Services focusing on leveraged loans. From 1995 to 1998, he was President of GE Capital Thailand. From 1998 to 1999, he was the Senior Vice President with GE Capital Mortgage Corporation. He then joined GE Capital – Equity in 1999 as the Managing Director of GE Capital – Equity, Europe, a position he held until 2005. Prior to his current role, he was a Senior Managing Director of GE Capital – Equity and had responsibility for investments in Aviation and Energy industries and for co-investments with the customers of General Electric's Sponsor Finance business. He received a Bachelor of Political Science degree from Denison University.

DING Yu Cheng, aged 43, was appointed a NED of the Company on 15 January 1999. He was the Assistant President of CITIC Securities Company Limited ("CITIC Securities") and was with the company from April 1998 to September 2004. CITIC Securities is a subsidiary of CITIC engaging in securities and investment banking business. He has been an Independent Non-executive Director ("INED") 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.

Directors (continued)

GUAN Yi, aged 40, was appointed a NED of the Company on 6 February 2009. He is the Director of Strategy and Planning Department of CITIC. He joined CITIC since 1990 and has worked in various positions in Financial Planning and General Planning Departments. He is also the Director of CITIC Assets Management Corporation Ltd. and the Member of Supervisory Committee of CITIC Trust Co., Ltd. He graduated from University of International Business and Economics in Beijing, with a major in Accounting, in 1990.

JU Wei Min, aged 46, was appointed a NED of the Company on 12 October 1998. He is the Director and Chief Financial Officer of CITIC. He is also a NED of CITIC International Financial Holdings Limited, the director of CITIC Ka Wah Bank and NED of China CITIC Bank Corporation Limited. In addition, he is appointed a NED of CITIC Pacific Limited effective from 1 April 2009. He holds a Bachelor degree and Master's degree in Economics.

John F. CONNELLY, aged 65, was appointed a NED of the Company on 29 March 2007. He served with General Electric Group for over 39 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 S.A. ("SES"). In 2001 he was named Vice Chairman of SES, a position he held until March 2007.

Mark CHEN, aged 34, was appointed a NED of the Company on 29 March 2007. He is currently Senior Managing Director, Equity at GE Capital, Asia Pacific. Mr. Chen has led the Equity business at GE Commercial Finance with responsibilities for the Asia-Pacific region since June 2006, and was subsequently appointed Senior Managing Director. In total, he has been with General Electric Company ("GE") for 8 years in various key roles within the Equity business. Prior to GE, he was an investment banker with Bankers Trust in New York and Tokyo. He holds a Bachelor of Economics with honours from Harvard University and a Master of Business Administration from Kellogg HKUST.

Nancy KU, aged 52, was appointed a NED of the Company on 29 March 2007. She is the President and CEO of GE Capital Greater China and has held this position since January 2009. Prior to this role, she was the President and CEO of GE Commercial Finance Greater China. She has worked for GE for 11 years.

Professor Edward CHEN, G.B.S., C.B.E., J.P., aged 64, has been an INED 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 the Honorary Chairman of the Press Council, the Director of First Pacific Company Limited and the Director of The Wharf (Holdings) Limited.

Directors (continued)

James WATKINS, aged 63, was appointed an INED 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 NED of a number of Hong Kong and overseas listed companies. He holds a degree in Law from The University of Leeds, United Kingdom.

Robert SZE, aged 68, has been an INED of the Company since May 1996. He is the 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 NED of a number of Hong Kong listed companies.

Peter JACKSON, aged 60, has been an ED and a CEO 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 32 years' experience in the telecommunications field. Prior to his appointment as the CEO 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 NED 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 52, has been an ED and a 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 24 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 (the Global School of International Management).

Senior Management

Catherine CHANG, aged 41, is General 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.

Dr. Ya Hui CHIU, aged 59, is AsiaSat's General Manager, Operations, in which capacity he is responsible for maintaining and operating the Company's satellites. He has 25 years' experience in telecommunications engineering and operations, with the last 22 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 47, 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 24 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 director of our subsidiary, Skywave TV Company Limited.

Sue YEUNG, aged 45, 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. She has held various senior financial positions in both multinational companies and Hong Kong listed company. 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.

Roger TONG, aged 47, is AsiaSat's General Manager, Engineering, has over 21 years' experience in the satellite and telecommunications industry and has worked in Canada, Mainland China and Hong Kong. He held various senior management positions at COM DEV International, Allen Telecom Corporation and Mark IV Industries. Prior to joining AsiaSat in March 2008, he was the Technical Consultant to Telesat Canada where he was responsible for various satellite programmes. He holds a Bachelor's degree in Computer Engineering and a Master's degree in Engineering from the McMaster University, Canada and a MBA degree from the Wilfrid Laurier University in Canada.

Senior Management (continued)

ZHANG Hai Ming, aged 52, was appointed AsiaSat's General Manager, China on 1 August 2008. He is responsible for the Company's marketing, sales and customer relations activities in the Mainland China market. He has over 20 years' experience in the satellite industry in various management positions, covering areas in business development, sales, marketing and operations. Prior to joining AsiaSat, he was the Deputy Managing Director of China Mobile Broadcasting Satellite Limited, Hong Kong. He graduated from Beijing Institute of Foreign Trade (now renamed Beijing University of International Business and Economics) and obtained a Master of International Management degree from the American Graduate School of International Management.

SpeedCast Limited

Pierre-Jean BEYLIER, aged 39, was appointed since July 2004 as the CEO of SpeedCast Limited, an indirect wholly-owned subsidiary of the Company. He has led the sales and marketing activities of SpeedCast Limited since 2000. He has over 16 years of international sales and marketing experience. Prior to joining SpeedCast Limited, he 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 2008.

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 55.

The Directors recommend the payment of a final dividend of HK$0.31 per share, together with the interim dividend of HK$0.08 per share, totalling HK$0.39 per share in 2008.

Reserves

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 56.

Donations

Charitable and other donations made by the Group during the year amounted to HK$87,250 (2007: 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.

Distributable Reserves

Distributable reserves of the Company at 31 December 2008, calculated under section 79B of the Companies Ordinance, amounted to HK$404,494,000 (2007: HK$398,167,000).

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Company's Bye-laws and there is no restriction against 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 123.

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 Mandatory General Offer ("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 ("Share Award Scheme") as described hereunder, no further share options will be granted under the Share Option Scheme.

Share Award Scheme

The Company adopted the Share Award Scheme on 22 August 2007 ("Adoption Date"). Pursuant to the Share Award 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 the Share Award Scheme throughout its duration shall not exceed 3% of the total issued shares of the Company as at the Adoption Date.

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

Apart from the Share Option Scheme and the Share Award Scheme, at no time during 2008 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

Sherwood P. DODGE *(appointed on 6 February 2009)*

Ronald J. HERMAN, Jr. *(resigned on 6 February 2009)*

Executive Directors ("EDs")

Peter JACKSON (Chief Executive Officer ("CEO"))

William WADE (Deputy Chief Executive Officer ("DCEO"))

Non-executive Directors ("NEDs")

DING Yu Cheng

JU Wei Min

GUAN Yi *(appointed on 6 February 2009)*

KO Fai Wong *(resigned on 6 February 2009)*

John F. CONNELLY

Mark CHEN

Nancy KU

Directors (continued)

Independent Non-executive Directors ("INED")

Edward CHEN

James WATKINS

Robert SZE

In accordance with Bye-law 110(A) of the Company's Bye-laws, Mr. MI Zeng Xin, Mr. Mark CHEN and Mr. James WATKINS will retire by rotation at the forthcoming Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election. In accordance with Bye-law 101 of the Company's Bye-laws, Mr. Sherwood P. DODGE and Mr. GUAN Yi who were appointed as the NEDs after the last AGM will retire 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' Service Contracts

Mr. Peter JACKSON, an ED and a CEO 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 ED and a DCEO 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 pages 37 to 41.

Directors' and Chief Executive's Interests and / or Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

At 31 December 2008, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO were as follows:

Ordinary shares of HK$0.10 each in the Company at 31 December 2008

		Number of shares / underlying shares held							
Directors	Long or short position	Personal interests	Family interests	Corporate interests	Trusts and similar interests	Persons acting in concert	Other interests	Total	% of the Issued Share Capital of the Company
Peter JACKSON	Long position	424,500	—	—	—	—	—	424,500	0.11
William WADE	Long position	150,429	—	—	—	—	—	150,429	0.04
James WATKINS	Long position	50,000	—	—	—	—	—	50,000	0.01

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.

Substantial Shareholders' Interests and / or Short Positions in the Shares, Underlying Shares of the Company

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that as at 31 December 2008, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the directors and chief executives.

Ordinary shares of HK$0.10 each in the Company at 31 December 2008

Name	Capacity	Long or short position	No. of ordinary shares in the Company	% of the Issued Share Capital of 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
GE Capital Equity Investments, Inc	Interest in controlled corporation	Long position	22,269,695 (1)	5.69

Notes:

(1) AsiaCo Acquisition Limited ("AsiaCo") controls 5.69% of the voting rights of the Company. AsiaCo is a company owned 50% (as to 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 ("CITIC"), and 50% owned (as to voting interest) by GE Capital Equity Investments, Inc. ("GE Equity") an indirect wholly-owned subsidiary of General Electric Company ("GE"). Accordingly, Able Star, CITIC Asia, CITIC Projects, CITIC, 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. Accordingly, Able Star, CITIC Asia, CITIC Projects and CITIC 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.

Major Suppliers and Customers

For the year ended 31 December 2008, the total revenue from the Group's five largest customers represented 36% of the Group's total revenue and the total revenue from the Group's largest customer represented 19% of the Group's total revenue. The total amount of purchases attributable to the Group's five largest suppliers was less than 35% of the total purchases and the largest purchaser represented 29% of the Group's total purchases.

For the year ended 31 December 2008, 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 34 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.

The Group has contracted with CITIC Guoan Information Industry Company Limited for certain transponder utilisation agreements. The revenue generated from these agreements amounted to HK$1,250,000 (2007: Nil).

The Group has entered into an agreement 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$74,000 (2007: HK$454,000) during the year.

In addition to the above, the Group made payments to a subsidiary of CITIC and a subsidiary of GE, amounting to HK$500,000 (2007: HK$500,000), and HK$550,000 (2007: HK$401,000) respectively, for certain NEDs representing CITIC and GE.

The aforesaid continuing connected transactions have been reviewed by INEDs of the Company. The INEDs confirmed that the aforesaid connected transaction were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Continuing Connected Transactions (continued)

In accordance with paragraph 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Board of Directors engaged the auditors of the Company to perform certain factual finding procedures on the above continuing connected transactions on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their factual findings on the selected samples based on the agreed procedures to the Board of Directors.

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 at least 25% of the Company's issued shares as at 19 March 2009.

Subsequent Events

Details of significant events occurring after the balance sheet date are set out in note 36 to the consolidated financial statements.

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, 19 March 2009

Audit Committee Report

The Audit Committee (the "AC") has five members, three of whom are Independent Non-executive Directors and two are Non-executive Directors with observer status and no voting rights.

The AC 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 ("IAs") 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 AC oversees the respective work of management and external auditors to endorse the processes and safeguards employed by them. The AC reports to the Board on its findings after each AC meeting.

The AC reviewed and discussed with management and IAs the 2008 consolidated financial statements included in the 2008 Annual Report. In this regard, the AC 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 AC also received reports and met with the IAs to discuss the general scope of their audit work (including the impact of changes in accounting policies as applied), and their assessment of Group internal controls.

Based on these reviews and discussions and the report of the IAs, the AC recommended to the Board approval of the consolidated financial statements for the year ended 31 December 2008, with the Auditors' Report thereon.

The AC also reviewed and recommended to the Board approval of the unaudited consolidated financial statements for the first six months of 2008, prior to public announcement and filing.

The AC recommended to the Board that the shareholders be asked to re-appoint PricewaterhouseCoopers as the Group's IAs for 2009.

Members of the Audit Committee

Robert SZE (Chairman)
Edward CHEN
James WATKINS
JU Wei Min (Non-voting)
Mark CHEN (Non-voting)

Hong Kong, 19 March 2009

	Note	As at 31 December 2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**2,681,287**	2,677,951
Leasehold land and land use rights	6	**22,449**	23,032
Intangible assets	8	**39,921**	40,082
Unbilled receivable		**146,694**	156,135
Amount paid to tax authority	11	**204,810**	167,291
Total non-current assets		**3,095,161**	3,064,491
Current assets			
Inventories	13	**2,767**	3,650
Trade and other receivables	12	**234,614**	183,431
Cash and cash equivalents	14	**2,445,471**	2,288,433
Total current assets		**2,682,852**	2,475,514
Total assets		**5,778,013**	5,540,005
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares	15	**39,120**	39,120
Reserves			
– Retained earnings		**4,955,659**	4,623,187
– Proposed final dividend	28	**121,271**	121,271
– Other reserves	16	**12,481**	19,269
		5,128,531	4,802,847
Minority interests		**3,212**	4,141
Total equity		**5,131,743**	4,806,988

	Note	As at 31 December 2008 HK$'000	2007 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	19	**172,631**	189,048
Deferred revenue	17	**102,179**	118,211
Obligations under finance leases	18	**17**	104
Other payables		**1,910**	—
Total non-current liabilities		**276,737**	307,363
Current liabilities			
Construction payables		**9,634**	70,238
Other payables and accrued expenses		**119,452**	112,115
Deferred revenue	17	**149,601**	153,417
Obligations under finance leases	18	**87**	101
Current income tax liabilities		**90,638**	89,662
Dividend payable		**121**	121
Total current liabilities		**369,533**	425,654
Total liabilities		**646,270**	733,017
Total equity and liabilities		**5,778,013**	5,540,005
Net current assets		**2,313,319**	2,049,860
Total assets less current liabilities		**5,408,480**	5,114,351

The notes on pages 58 to 122 are an integral part of these consolidated financial statements.

	Note	2008 HK$'000	2007 HK$'000
		As at 31 December	
ASSETS			
Non-current assets			
Investments in subsidiaries	9	**433,109**	431,143
Capital contribution to Share Award Trust	9	**10,148**	6,000
Total non-current assets		**443,257**	437,143
Current assets			
Amount due from a subsidiary	9	**21,687**	20,702
Other receivables, deposits and prepayments		**1,364**	2,280
Total current assets		**23,051**	22,982
Total assets		**466,308**	460,125
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Ordinary shares	15	**39,120**	39,120
Reserves			
– Retained earnings		**10,386**	6,025
– Proposed final dividend	28	**121,271**	121,271
– Other reserves		**290,704**	288,737
Total equity		**461,481**	455,153
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		**4,228**	4,605
Current income tax liabilities		**599**	367
Total liabilities		**4,827**	4,972
Total equity and liabilities		**466,308**	460,125

The notes on pages 58 to 122 are an integral part of this financial statement.

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

The notes on pages 58 to 122 are an integral part of these consolidated financial statements.

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

The notes on pages 58 to 122 are an integral part of these consolidated financial statements.

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

The notes on pages 58 to 122 are an integral part of these consolidated financial statements.

1. General Information

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

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

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

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

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

2. Summary of Significant Accounting Policies

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

2.1 Basis of preparation

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

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

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

New standards and amendments to published standards

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

New standards and amendments to published standards (continued)

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

	Application date
• HKAS 1 (Revised) – Presentation of Financial Statements	1 January 2009
• HKAS 23 (Revised) – Borrowing Costs	1 January 2009
• HKAS 27 (Revised) – Consolidated and Separate Financial Statements	1 July 2009
• HKAS 32 (Amendment) and HKAS 1 (Amendment) – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
• HKAS 39 (Amendment) – Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1 July 2009
• Amendments to HKFRS 1 – First-time adoption of HKFRS and HKAS 27 – Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2009
• HKFRS 2 (Amendment) – Share-based Payment Vesting Conditions and Cancellations	1 January 2009
• HKFRS 3 (Revised) – Business Combination	1 July 2009
• HKFRS 8 – Operating Segments	1 January 2009
• HK(IFRIC) – Int 13 – Customer Loyalty Programmes	1 July 2008
• HK(IFRIC) – Int 15 – Agreements for the Construction of Real Estate	1 January 2009
• HK(IFRIC) – Int 16 – Hedges of a Net Investment in a Foreign Operation	1 October 2008
• HK(IFRIC) – Int 17 – Distributions of Non-cash Assets to Owners	1 July 2009
• HK(IFRIC) – Int 18 – Transfers of Assets from Customers	1 July 2009

2. Summary of Significant Accounting Policies (continued)

2.1 Basis of preparation (continued)

New standards and amendments to published standards (continued)

	Application date
• Improvement to HKFRSs – Amendments to :	
✦ HKAS 1 (Revised) – Presentation of Financial Statement	1 January 2009
✦ HKAS 2 – Inventories	1 January 2009
✦ HKAS 7 – Cash Flow Statements	1 January 2009
✦ HKAS 16 – Property, Plant and Equipment	1 January 2009
✦ HKAS 19 – Employee Benefits	1 January 2009
✦ HKAS 20 – Accounting for Government Grants and Disclosure of Government Assistance	1 January 2009
✦ HKAS 23 (Revised) – Borrowing Costs	1 January 2009
✦ HKAS 27 – Consolidated and Separate Financial Statements	1 January 2009
✦ HKAS 28 – Investments in Associates	1 January 2009
✦ HKAS 29 – Financial Reporting in Hyperinflationary Economies	1 January 2009
✦ HKAS 31 – Interests in Joint Ventures	1 January 2009
✦ HKAS 36 – Impairment of Assets	1 January 2009
✦ HKAS 38 – Intangible Assets	1 January 2009
✦ HKAS 39 – Financial Instruments: Recognition and Measurement	1 January 2009
✦ HKAS 40 – Investment Property	1 January 2009
✦ HKAS 41 – Agriculture	1 January 2009
✦ HKFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
✦ Other minor amendments to HKFRS 7 – Financial Instruments: Disclosures, HKAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, HKAS 10 – Events After the Balance Sheet Date, HKAS 18 – Revenue and HKAS 34 – Interim Financial Reporting.	1 January 2009

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

2. 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.

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

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

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 differences on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) Group companies

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

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

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

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

2. 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, and other short-term highly liquid investments with original maturities of three months or less.

2.12 Share capital

Ordinary shares are classified as equity.

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

2. Summary of Significant Accounting Policies (continued)

2.13 Borrowings

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

2.14 Current and deferred income tax

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

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

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

2.15 Employee benefits (continued)

(c) Performance-based bonus

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

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

2.16 Provisions

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

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

2.17 Contingent liabilities and contingent assets

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

2.18 Revenue recognition

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

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

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

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

2.19 Leases (as the lessee)

(a) Operating lease

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

(b) Finance lease

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

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

2.20 Dividend distribution

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

3. Financial Risk Management

3.1 Financial risk factors

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

(a) Foreign exchange risk

During the year, almost all of the Group's revenues, premiums for satellite insurance coverage and substantially all capital expenditure were denominated in U.S. Dollars. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. At 31 December 2008, almost all the Group's transponder utilisation agreements, transponder purchase agreements, obligations to purchase telemetry, tracking and control equipment were denominated in 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 30(d).

(b) Credit risk

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

(c) Cash flow interest-rate risk

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

(d) Liquidity risk

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

4. Critical Accounting Estimates and Judgments

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

4.1 Critical accounting estimates and assumptions

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

(a) Estimated impairment of goodwill

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

(b) Income taxes

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

(c) Useful lives of in-orbit satellites

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

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

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

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

(e) Provision for impairment of receivables

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

(f) Indian tax

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

5. Sales and Segment Information

(a) Sales

The Group's sales are analysed as follows:

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

(b) Segment information

(i) Business segments

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

The Group has created the following two business segments:

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

5. Sales and Segment Information (continued)

(b) Segment information (continued)

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

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

5. Sales and Segment Information (continued)

(b) Segment information (continued)

	2007	2007	2007	2007
	Provision of satellite telecommunication systems for broadcasting and telecommunication	Broadband access services	Inter-segment 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

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.

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

6. Leasehold Land and Land Use Rights – Group

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

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

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

7. Property, Plant and Equipment – Group

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

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

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

8. Intangible Assets – Group

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

Notes:

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

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 management. The cash flow projection for the remaining years was calculated based on an annual growth rate between 2% to 10% . The discount rate used is 15% (2007: 15%). Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount.

9. Investments in Subsidiaries

(a) Investments in subsidiaries

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

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

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

9. Investments in Subsidiaries (continued)

(b) Particulars of subsidiaries

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

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

Shares held directly by the Company.

(c) Controlled special purpose entity

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

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

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

10. Interests in Associates – Group

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

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

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

Name	Particulars issued shares held	Country of incorporation	Assets HK$'000	Liabilities HK$'000	Revenues HK$'000	Profit/(loss) HK$'000	% of interest held
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)	

10. Interests in Associates – Group (continued)

Name	Particulars issued shares held	Country of incorporation	Assets HK$'000	Liabilities HK$'000	Revenues HK$'000	Profit/(loss) HK$'000	% of interest held
2008							
Beijing Asia Sky Telecommunications Technology Company Limited (note c)	N/A	China	32,468	30,745	1,852	(5,065)	49
			32,468	30,745	1,852	(5,065)	

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

Notes:

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

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

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

11. Amount Paid to Tax Authority – Group

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

12. Trade and Other Receivables – Group

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

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

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

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

12. Trade and Other Receivables – Group (continued)

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

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

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

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

12. Trade and Other Receivables – Group (continued)

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

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

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

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

13. Inventories – Group

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

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

14. Cash and Cash Equivalents – Group

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

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

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

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

15. Share Capital

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

15. Share Capital (continued)

(a) Share option scheme

Scheme adopted on 25 January 2002

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

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

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

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

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

15. Share Capital (continued)

(a) Share option scheme (continued)

Scheme adopted on 25 January 2002 (continued)

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 is recorded by the Company in the share premium account. Options which are lapsed or are cancelled prior to their exercise dates are deleted from the register of outstanding options.

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

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

15. Share Capital (continued)

(a) Share option scheme (continued)

Scheme adopted on 25 January 2002 (continued)

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

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

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

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 eligible employees of the Company or any one of its subsidiaries.

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

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

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

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

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

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

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

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 and Bowenvale Limited ("Bowenvale") and indirectly owned by CITIC Group ("CITIC") and General Electric Capital Corporation ("GECC").

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

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

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

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

16. Other Reserves – Group

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

17. Deferred Revenue – Group

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

18. Obligations Under Finance Leases – Group

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

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

Finance lease obligations are denominated in Hong Kong Dollars.

19. Deferred Income Tax – Group

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

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

19. Deferred Income Tax – Group (continued)

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

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

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

Deferred tax liabilities:

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

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

20. Other Gains – Net

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

21. Expenses by Nature

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

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

22. Employee Benefit Expense

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

	2008	2007
Number of employees	154	142

(a) Pensions – defined contribution plans

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

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

(b) Directors' emoluments

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

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

22. Employee Benefit Expense (continued)

(b) Directors' emoluments (continued)

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

Notes:

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

(b) Appointed on 29 March 2007.

(c) Resigned on 29 March 2007.

(d) Paid to SES and its subsidiary.

(e) Paid to a subsidiary of CITIC.

(f) Paid to a subsidiary of GE.

(g) Resigned on 6 February 2009.

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

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

The emoluments fell within the following bands:

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

23. Finance Costs

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

24. Income Tax Expense

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

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

Details of deferred taxation are set out in note 19.

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

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

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:

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

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

25. Net Foreign Exchange (Gain)

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

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

26. Profit Attributable to Equity Holders of the Company

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

27. Earnings per Share

Basic

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

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

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

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.

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

28. Dividends

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

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

29. Cash Flows from the Operations

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

29. Cash Flows from the Operations (continued)

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

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

30. Financial Instruments

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

(a) Credit risks

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

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

30. Financial Instruments (continued)

(b) Liquidity risks

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

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

30. 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 :

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

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

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

30. Financial Instruments (continued)

(d) Currency risks

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

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

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

30. 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.

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

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

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

31. Contingencies

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

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

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

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

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

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

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

31. Contingencies (continued)

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

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

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

32. Major Non-Cash Transactions

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

33. Commitments - Group

Capital commitments

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

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

Operating lease commitments – where the Group is the lessee

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

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

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

33. Commitments - Group (continued)

Operating lease commitments – where the Group is the lessor

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

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

	2008	2007
	HK$'000	HK$'000
Within one year	—	184
	—	184

34. Related-Party Transactions

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

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

34. 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 an associate of CITIC, CITIC Guoan Information Industry Company Limited. CITIC is a major indirect shareholder of the Company throughout the year.

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

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

(b) Agency fee

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

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

34. Related-Party Transactions (continued)

(c) Key management compensation

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

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

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

34. Related-Party Transactions (continued)

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

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

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

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

(e) Year end balances arising from these transactions

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

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

35. Capital Management

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

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

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

36. Events After the Balance Sheet Date

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

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

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

	2004 HK$'000	2005 HK$'000	2006 HK$'000	2007 HK$'000	**2008** **HK$'000**
Results					
Sales	1,004,982	879,705	929,902	939,273	**1,031,697**
Profit from ordinary activities before taxation	491,616	416,635	508,927	556,868	**520,567**
Taxation	(60,536)	(51,270)	(55,522)	(53,953)	**(36,609)**
Profit after taxation	431,080	365,365	453,405	502,915	**483,958**
Minority interests	136	819	604	482	**929**
Profits attributable to equity holders	431,216	366,184	454,009	503,397	**484,887**
Earnings per share:					
Basic	HK$1.10	HK$0.94	HK$1.16	HK$1.29	**HK$1.24**
Diluted	HK$1.10	HK$0.94	HK$1.16	HK$1.29	**HK$1.24**
Assets and liabilities					
Total assets	4,549,247	4,683,530	5,091,212	5,540,005	**5,778,013**
Total liabilities and minority interests	(674,650)	(579,342)	(669,608)	(737,158)	**(649,482)**
Shareholders' equity	3,874,597	4,104,188	4,421,604	4,802,847	**5,128,531**

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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 "Company") and its subsidiaries (together, the "Group") set out on pages 52 to 122, which comprise the consolidated and company balance sheets as at 31 December 2008, 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.

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 the Group as at 31 December 2008 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, 19 March 2009

Expected Timetable

Financial Year Ended 31 December 2008

Annual General Meeting	21 May 2009
Final dividend payable	27 May 2009

Financial Year Ending 31 December 2009

Interim Results announcement	August 2009
Interim dividend payable	November 2009
Annual Results announcement	March 2010
Report and financial statements published	April 2010
Annual General Meeting	May 2010
Final dividend payable	May 2010

Principal Share Registrars and Transfer Office

Butterfield Fulcrum Group (Bermuda) Limited
(Formerly known as Butterfield Fund Services (Bermuda) Limited)
Rosebank Centre
11 Bermudiana Road
Hamilton HM08
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
Wanchai
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 Relations
PO Box 11258
Church Street Station
New York, NY 10286-1258
USA
Tel: (908) 769 9835 / (908) 769 9711

The deposit agreement for American Depositary Shares between the Company and The Bank of New York has been terminated on 28 February 2008 following the delisting from the New York Stock Exchange, Inc ("NYSE") in January 2008.

Listing

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited. On 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 2008 will be payable on or about 27 May 2009.

Ordinary Shares

Shares outstanding as at 31 December 2008: 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 Company was delisted from NYSE in January 2008.*

Annual Report and Financial Statements 2008

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

Manager, Corporate Affairs
Asia Satellite Telecommunications Holdings Limited
19th Floor, Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

Website

http://www.asiasat.com

Annual/Interim reports and financial statements are available on line.

Company Contact

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

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Email: wwade@asiasat.com

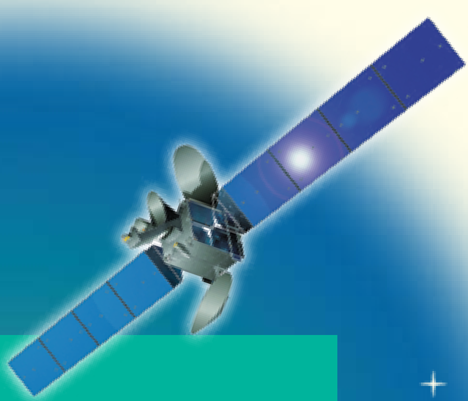
AsiaSat is committed to

protecting the environment.

This annual report uses paper

originating from well-managed

forests and recycled wood or fibre.



ASIASAT 5 RISING

AsiaSat 5, scheduled for launch in the 3rd quarter of 2009, will strengthen AsiaSat's dominant position as Asia's premier satellite operator. Focusing on existing and future customers' needs, AsiaSat 5 is equipped with the latest technology and new beam coverage to provide enhanced power, connectivity and network flexibility. AsiaSat 5 paves the way for the Company's continued success and commitment to providing first-class regional satellite services.