

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2000

### 13. Investments in subsidiaries

	<b>The Company</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Unlisted shares in subsidiary companies, at cost	<b>429,053</b>	429,053

The carrying value 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.

Details of subsidiary companies and a controlled partnership at 31st December, 2000 are as follows:

Name of subsidiary	Place of incorporation/ registration/ principal place of operation	Class of share held	Percentage of nominal value of issued capital held by the Company		Principal activity
			Directly	Indirectly	
AsiaSat BVI Limited	British Virgin Islands	Ordinary shares	100%	—	Investment holding
Asia Satellite Telecommunications Company Limited	Hong Kong	Ordinary shares	—	100%	Provision of satellite transponder capacity
Hanbury International Limited	British Virgin Islands	Ordinary shares	—	100%	Deposit holding
Sornico Limited	Hong Kong	Ordinary shares	—	100%	Investment holding
The First Asian Satellite Leasing Limited Partnership (the "Partnership")	Hong Kong	N/A	—	1%	Satellite leasing

The Company continues to control the Partnership as it is a general partner and accordingly continues to consolidate it.

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### 14. Investments in associates

	2000 HK\$'000	1999 HK\$'000
Unlisted shares, at cost	<b>97,541</b>	41
Share of results of associates	<b>(43,928)</b>	—
Goodwill on acquisition of an associate	<b>(12,264)</b>	—
	<b>41,349</b>	41
Amount due from an associate	—	9
	<b>41,349</b>	50

Details of the Company's associates as at 31st December, 2000 are as follows:

Name of entity	Place of incorporation/ registration/principal place of operation	Class of share held	Percentage of nominal value of issued capital held indirectly by the Company	Principal activity
PHOENIXNET HOLDINGS LTD.	Cayman Islands	Ordinary	36.5%	Investment holding
SpeedCast Limited (formerly known as PhoenixNet Limited)	Hong Kong	Ordinary	36.5%	Provision of Internet related services through satellite transponders

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### 15. Trade and other receivables

	<b>The Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>76,075</b>	52,646
Other receivables	<b>6,294</b>	4,515
Deposits and prepayments	<b>37,324</b>	26,550
	<b>119,693</b>	83,711

The Group does not normally provide credit terms to its trade customers and as the Group usually bills its trade customers quarterly in advance in accordance with its agreement. The ageing analysis of trade receivables is stated as follows:

	<b>The Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
0 to 30 days	<b>34,694</b>	29,557
31 to 60 days	<b>2,987</b>	4,572
61 to 90 days	<b>6,981</b>	4,473
91 to 180 days	<b>16,553</b>	7,982
181 days or above	<b>14,860</b>	6,062
Total trade receivables	<b>76,075</b>	52,646

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### 16. Deferred revenue

	<b>The Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
The maturity of deferred revenue is as follows:		
Within one year	<b>159,618</b>	167,448
More than one year, but not exceeding five years	<b>21,728</b>	—
	<b>181,346</b>	167,448
Less: Amount shown under current liabilities	<b>159,618</b>	167,448
	<b>21,728</b>	—

### 17. Bank loans (secured)

	<b>The Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
The bank loans are repayable as follows:		
Within one year	—	458,824
More than one year, but not exceeding two years	—	414,776
	—	873,600
Less: Deferred loan origination costs (note 18)	—	7,918
	—	865,682
Less: Amount due within one year and shown under current liabilities	—	458,824
	—	406,858

The bank loans were fully repaid during the year.

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### 18. Deferred loan origination costs

	<b>The Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
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<b>Cost</b>		
Balance at 1st January and 31st December	<b>18,475</b>	18,475
	<hr/>	<hr/>
<b>Amortisation</b>		
Balance at 1st January	<b>10,557</b>	6,598
Charge for the year	<b>7,918</b>	3,959
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Balance at 31st December	<b>18,475</b>	10,557
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Deferred loan origination costs at 31st December	<b>—</b>	7,918
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### 19. Share capital

Movements during the year in the share capital of the Company were as follows:

	Authorised		Issued and fully paid	
	<b>2000</b>	1999	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
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Ordinary shares of HK\$0.10 each				
Balance at 1st January	<b>55,000</b>	55,000	<b>39,008</b>	39,000
Shares issued on exercise of share options	<b>—</b>	—	<b>19</b>	8
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31st December	<b>55,000</b>	55,000	<b>39,027</b>	39,008
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### 20. Share option scheme

Pursuant to the share option scheme of the Company adopted on 3rd June, 1996 (the "Scheme"), the Board of Directors of the Company may grant options to any full time employees of the Company or any of its subsidiaries to subscribe for shares in the Company at the average of the closing prices of the Company's shares on the Stock Exchange for the five trading days immediately preceding the date of the grant of the options, subject to a maximum of 10% of the issued share capital of the Company from time to time.

Details of movements of the share options granted by the Company pursuant to the Scheme are as follows:

Date of grant	Exercise period	Exercise price HK\$	At 1.1.2000	Number of share options		At 31.12.2000
				Cancelled/ lapsed during the year	Exercised during the year	
8th September, 1999	26th November, 1999 to 25th November, 2006	17.48	936,000	—	(190,500)	<b>745,500</b>
8th September, 1999	26th November, 2000 to 25th November, 2006	17.48	505,500	(19,000)	—	<b>486,500</b>
8th September, 1999	26th November, 2001 to 25th November, 2006	17.48	505,500	(19,000)	—	<b>486,500</b>
8th September, 1999	1st October, 2002 to 30th September, 2009	17.48	988,250	(56,750)	—	<b>931,500</b>
8th September, 1999	1st October, 2003 to 30th September, 2009	17.48	494,125	(28,375)	—	<b>465,750</b>
8th September, 1999	1st October, 2004 to 30th September, 2009	17.48	494,125	(28,375)	—	<b>465,750</b>
			<u>3,923,500</u>	<u>(151,500)</u>	<u>(190,500)</u>	<u><b>3,581,500</b></u>

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### 21. Reserves

	Share premium <b>HK\$'000</b>	Contributed surplus <b>HK\$'000</b>	Retained profits <b>HK\$'000</b>	Total <b>HK\$'000</b>
<b>The Group</b>				
At 1st January, 1999	—	—	1,513,091	1,513,091
Shares issued at a premium	1,303	—	—	1,303
Profit for the year, retained	—	—	275,564	275,564
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At 31st December, 1999 and 1st January, 2000	1,303	—	1,788,655	1,789,958
Shares issued at a premium	3,311	—	—	3,311
Profit for the year, retained	—	—	498,217	498,217
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 2000	<b>4,614</b>	<b>—</b>	<b>2,286,872</b>	<b>2,291,486</b>
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<b>The Company</b>				
At 1st January, 1999	—	390,053	—	390,053
Shares issued at a premium	1,303	—	—	1,303
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At 31st December, 1999 and 1st January, 2000	1,303	390,053	—	391,356
Shares issued at a premium	3,311	—	—	3,311
Profit for the year, retained	—	—	323	323
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st December, 2000	<b>4,614</b>	<b>390,053</b>	<b>323</b>	<b>394,990</b>
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### **21. Reserves (continued)**

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the group reorganisation prior to the listing of the Company's shares in 1996.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if:

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital.

In the opinion of the directors, as at 31st December, 2000, the Company's reserves available for distribution consisted of the contributed surplus of HK\$390,053,000 (1999: HK\$390,053,000) and retained profits of HK\$323,000 (1999: Nil).



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### 22. Deferred taxation

	<b>The Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Balance at 1st January	<b>98,435</b>	61,705
Charge for the year	<b>30,555</b>	36,730
Balance at 31st December	<b>128,990</b>	98,435

At the balance sheet date, the major components of the provision for deferred taxation are as follows:

	<b>The Group</b>	
	<b>2000</b>	1999
	<b>HK\$'000</b>	HK\$'000
Tax effect of timing differences attributable to:		
Excess of tax depreciation allowances over depreciation charged in the financial statements	<b>125,754</b>	129,542
Unutilised tax losses	<b>—</b>	(29,954)
Others	<b>3,236</b>	(1,153)
	<b>128,990</b>	98,435

Neither the Group nor the Company had any material unprovided deferred taxation for the year or at the balance sheet date.