

AsiaSat 4 offers wide C-band coverage and focused regional beams in addition to the BSS (Broadcast Satellite Service) payload for Hong Kong DTH (Direct-To-Home) services.

In-orbit satellites

The Group owns and operates three satellites, and has a fourth that is currently under construction and is due to be launched later this year.

AsiaSat's satellites are positioned over the Asian landmass and offer our customers comprehensive coverage of close to 70% of the world's population. Our satellite fleet provides point to multi-point, and distribution services throughout the geographically fragmented, and economically diverse Asian region. By concentrating on non point-to-point services, we have substantially reduced the impact upon the Group of the decline in submarine cable prices. Our high-powered satellites, Asia-wide coverage, high calibre customer base, and our focus on providing outstanding customer service, allow us to maintain a premium position in the industry.

AsiaSat 1, launched in 1990 and carrying 24 C-band transponders, is positioned at the 122°E orbital slot. It has sufficient fuel on board to continue to operate in an inclined orbit until the successful launch of AsiaSat 4, planned for this year. There are no current client contracts with AsiaSat 1, and we do not plan to generate any further revenue from this satellite other than possibly from occasional use applications.

AsiaSat 2, launched in 1995, carries 24 C-band and 9 Ku-band transponders and orbits at 100.5°E. Its utilisation in 2001 was 62% (2000: 67%), a decline of 5%, reflecting a combination of the fall in regional demand, and migration from analogue to digital, which requires significantly less transponder capacity.

AsiaSat 3S, launched in 1999 and positioned at the 105.5°E slot, carries 28 C-band and 16 Ku-band transponders. It achieved a 5% gain in utilisation in 2001 to 67% (2000: 62%) following the successful leasing of additional Ku-band transponders.

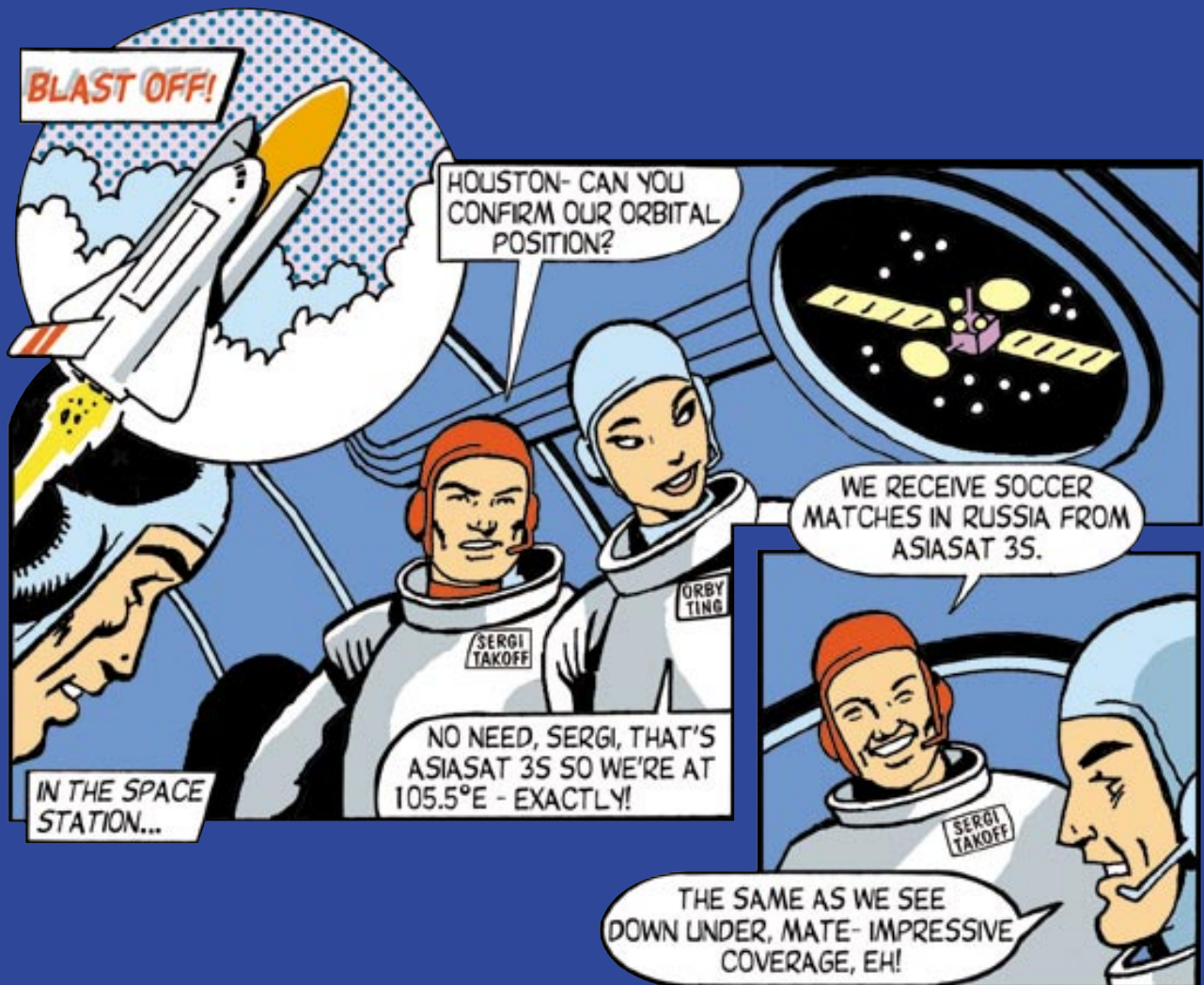
At 31st December, 2001, the overall transponder utilisation rate of AsiaSat 2 and AsiaSat 3S was 65%, an increase of 1% over the prior year (2000: 64%).

Satellite under construction

AsiaSat 4 is a Boeing 601 HP satellite, and is currently under construction in Los Angeles, California, USA. Scheduled for launching this year from Cape Canaveral, Florida, aboard an Atlas IIIB rocket, it will be the largest satellite in the AsiaSat fleet.

AsiaSat 4 will orbit at the 122°E slot carrying 28 C-band and 20 Ku-band transponders, and will provide region-wide C-band coverage and focused Ku-band beams for Australia and East Asia. AsiaSat 4 will also carry a BSS (Broadcast Satellite Service) payload to be used for Hong Kong DTH (Direct-to-Home).

The Chairman has reported that a delay in the launch of AsiaSat 4 is a possibility. However, on balance, we believe that, despite the soft market, it is in the best interest of the Company to launch as planned.



AsiaSat customers enjoy high quality transmissions of video, voice, fax and data to keep up-to-date of events around the world.

Operating licences

The BSS licence was granted to AsiaSat in June 2000 by Hong Kong's Office of the Telecommunications Authority. The impending launch of AsiaSat 4 has allowed AsiaSat to invite holders, or prospective holders, of television programme service licences under the Broadcasting Ordinance, to tender for the four BSS transponders on the satellite.

These transponders are intended to provide DTH television programmes for reception by the public in Hong Kong. In the current market conditions the Company does not anticipate that they will bring immediate financial benefit. They will, however, play a crucial part in the development of the Company in the future.

Associate company

SpeedCast Limited, in which the Company holds a 36.5% interest, provides three principal services: high-speed Internet, multimedia content delivery, and corporate broadcast services such as data packages delivery and Internet streaming.

During the year, SpeedCast, in addition to providing the principal services, also launched on-line music distribution, on-line multimedia services and revolutionary streaming encryption system.

Still at a development stage in 2001, SpeedCast incurred a loss of HK\$119 million (2000: HK\$117 million). Approximately two-thirds of the loss was due to the amortisation of the transponder capacity, platform software and subscriber management/billing systems contributed by the founding shareholders. The Group's share of its loss amounted to HK\$41 million (2000: HK\$43 million). However, if the rental on the transponder capacity and multimedia platform leased to SpeedCast were to be taken into account, the net effect to the Group would be a loss of HK\$13 million (2000: HK\$12 million). In addition, the Group wrote off the goodwill of HK\$12 million on acquisition after its investment in SpeedCast had been written down to zero following the absorption of the Group's share of its loss.

Outlook

Since the start of the year there has been little sign of improvement. Demand for new capacity from both existing and potential customers continues to be sluggish, and we anticipate that 2002 will be another tough year. However, we have a strong existing customer base, a substantial amount of contracts on hand, an expanding satellite fleet, and we have an outstanding technical and customer service team. Operationally, this will be a year of consolidation and intense customer focus to maintain and expand existing businesses where possible, and to concentrate on identifying new opportunities for growth. We are thus well placed to move ahead with confidence when the market conditions improve.

Peter Jackson

Chief Executive Officer

Hong Kong, 14th March, 2002