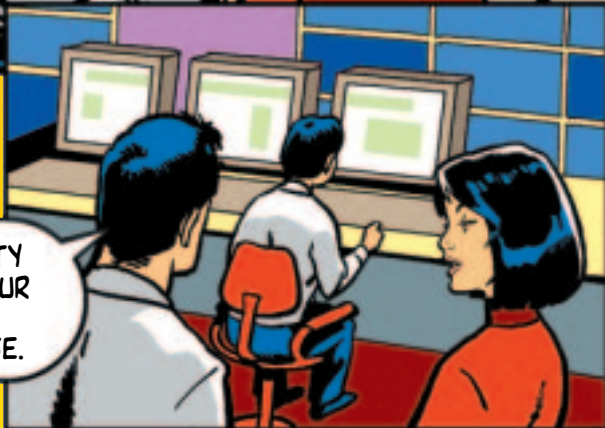




ASIASAT 4'S GROUND CONTROL FACILITIES ARE ALL READY AND TESTED WELL IN ADVANCE OF LAUNCH.



SERVICE QUALITY IS CRUCIAL TO OUR HIGH CALIBRE CUSTOMER BASE.

ASIASAT'S ATTENTION TO DETAIL AND QUALITY CUSTOMER SERVICE IS SECOND TO NONE.

In-orbit satellites

The Group owns and operates two satellites, AsiaSat 2 and AsiaSat 3S, with AsiaSat 4 due to be launched imminently. During the year, all the satellites and systems continued to operate well without any anomalies or disruptions.

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 Pan-Asian region. Our high-powered satellites, Asia-wide coverage, high caliber customer base, and our focus on providing outstanding customer service, allow us to maintain a premium position in the industry.

AsiaSat 2, launched in 1995, carries 24 C-band and 9 Ku-band transponders and orbits at 100.5°E. Its overall utilisation rate at 31st December, 2002 was 66% (2001: 62%). The increase was due to the migration of some customers from AsiaSat 3S.

AsiaSat 3S, launched in 1999 and positioned at the 105.5°E slot, carries 28 C-band and 16 Ku-band transponders. Its overall utilisation rate at 31st December, 2002 was 62% (2001: 67%). The decrease was due to the migration of some customers to AsiaSat 2.

AsiaSat 1, launched in 1990 and carrying 24 C-band transponders, was positioned at the 122°E orbital slot. AsiaSat 1 had a design life of 9 years but continued to operate in an inclined orbit until February 2003 when it retired.

The overall utilisation rate of AsiaSat 2 and AsiaSat 3 was 64% (2001: 65%), a decline of 1%.

AsiaSat 4

AsiaSat 4 is a Boeing 601HP satellite. The construction and testing are complete, and the satellite has been delivered to the launching site for pre-launch preparation. The satellite will be launched in early April on an Atlas IIB launch vehicle from Cape Canaveral, Florida.

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) Services. It is encouraging to note that we have been able to pre-sell some C-band capacity before the launch.

Operating licences

We obtained a BSS licence from the OFTA (Office of the Telecommunications Authority) in 2000. This licence will enable us to operate the four BSS transponders on board AsiaSat 4. These transponders are intended to provide DTH television for reception by the public in Hong Kong.

Since there was no response to our invitation to operate the DTH services we shall explore the possibility of developing a low cost DTH platform ourselves in cooperation with some other parties.

ORBY AND RICH WELLS VIEW A MODEL OF ASIASAT'S NEW TRACKING, TELEMETRY AND CONTROL EARTH STATION FACILITY IN TAI PO.

ASIASAT'S NEW STATE-OF-THE-ART EARTH STATION DUPLICATES THE SATELLITE CONTROL SYSTEMS AT STANLEY...

...SO THE INTEGRITY OF OUR SERVICES WILL ACTUALLY IMPROVE.

IT ALL ADDS UP TO THE RELIABILITY AND QUALITY WE NEED, ORBY.

THE NEW TAI PO EARTH STATION REINFORCES ASIASAT'S COMMITMENT TO CUSTOMERS TO PROVIDE QUALITY TRANSMISSION SERVICES.

Associate company

During the year, we increased our investment in SpeedCast Holdings Limited ("SpeedCast") from 36.5% to 45.3% for US\$4 million, of which US\$2.5 million was in cash and US\$1.5 million in transponder capacity.

SpeedCast provides three major services, high-speed Internet connectivity, multimedia content delivery, and corporate broadcast services. In September, SpeedCast expanded its product line by launching its two-way networking and Internet connectivity services that met with favourable responses.

For the year 2002, SpeedCast reduced its loss to HK\$49 million (2001: HK\$119 million), a reduction of 59%. Simultaneously SpeedCast increased its turnover to HK\$12 million (2001: HK\$4 million), an increase of 200%. Out of its loss, more than 45% was attributable to the amortisation of the transponder capacity and the subscriber management/billing system. It is anticipated that the situation will be further improved in 2003.

Our share of the loss was HK\$9 million (2001: HK\$41 million) after reversing part of a provision made in the prior year. After accounting for the amortisation of goodwill and the rental income on the transponder capacity as the Group's contribution of its share capital, the net effect to the Group would be a profit of HK\$6 million (2001: a loss of HK\$25 million.)

Outlook

The demand for transponder capacity from both existing and potential customers has remained soft since the beginning of this year. However, with the general anticipation of a longer-term moderate economic recovery both regionally and worldwide, and the forecast growth of 2 to 3%, we expect that the demand for transponder capacity will also increase.

In the short-term, we anticipate that 2003 will be an even more difficult year than 2002. Although we anticipate that there will be some revenue growth with the launch of AsiaSat 4, any increase is likely more than offset by the higher depreciation and in-orbit insurance of that satellite.

Peter Jackson

Chief Executive Officer

Hong Kong, 14th March, 2003