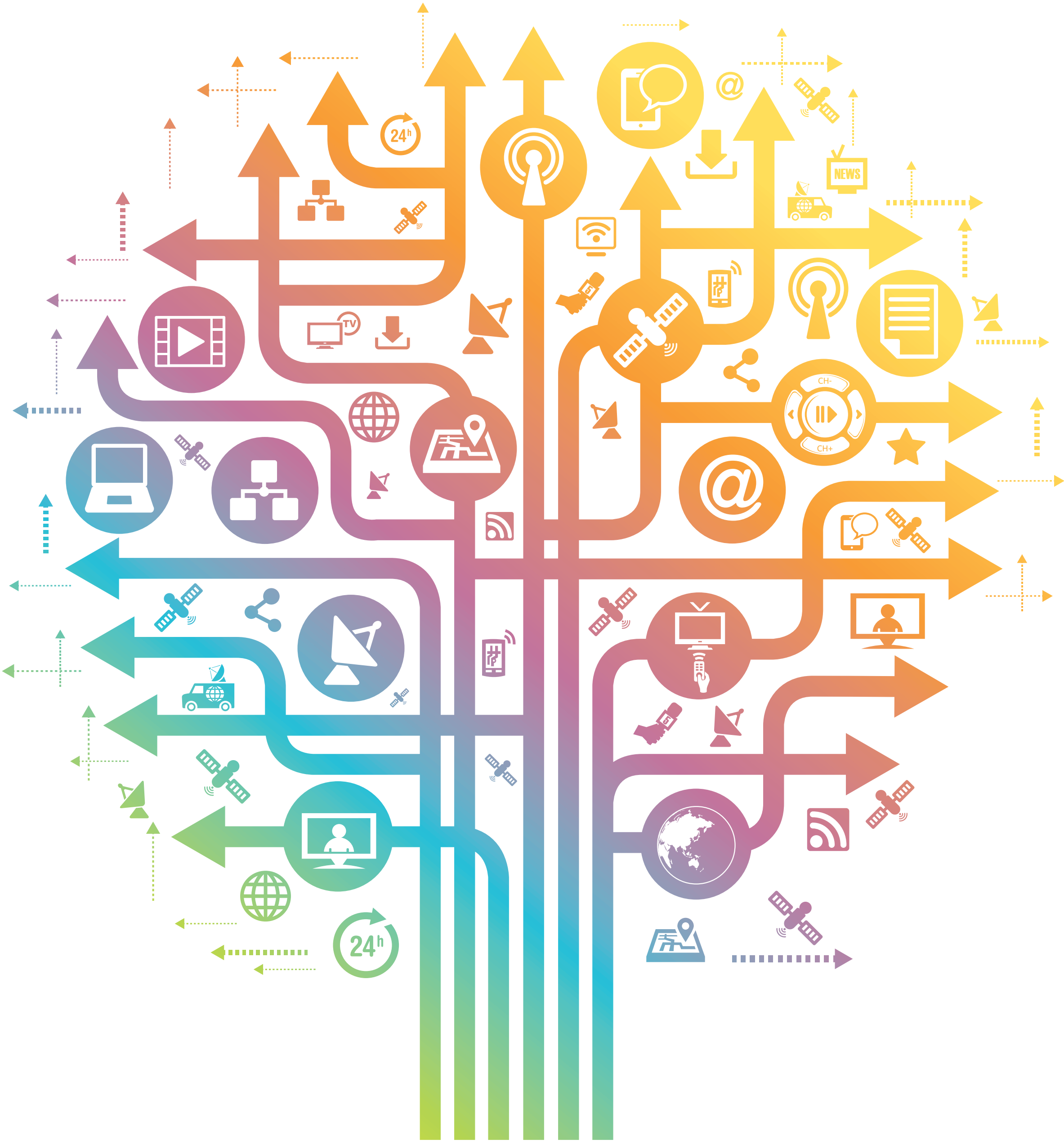
ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

STOCK CODE: 1135



GROUNDED IN ASIA WITH A WORLD OF OPPORTUNITY

ANNUAL REPORT 2012

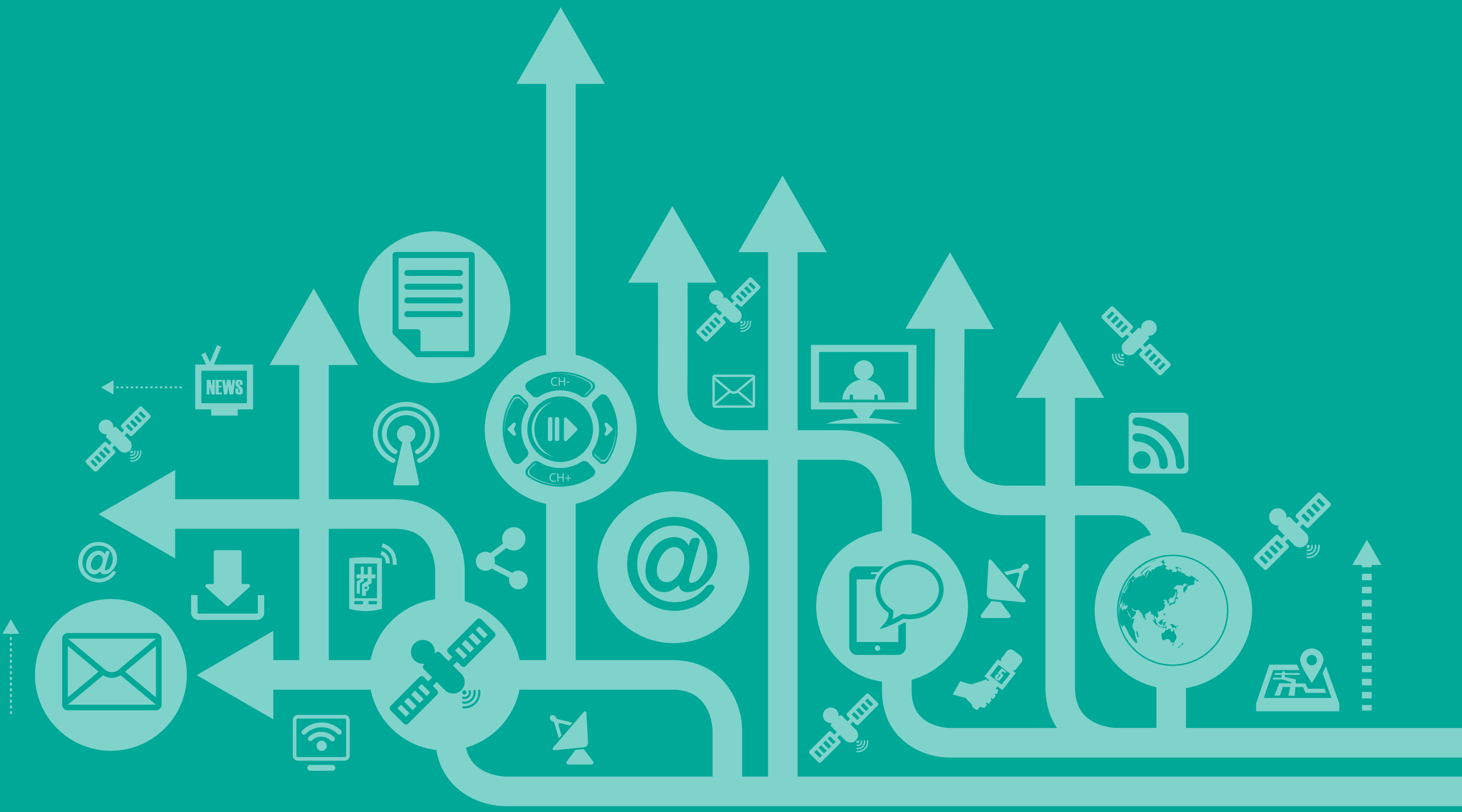
About AsiaSat

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).

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

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

www.asiasat.com

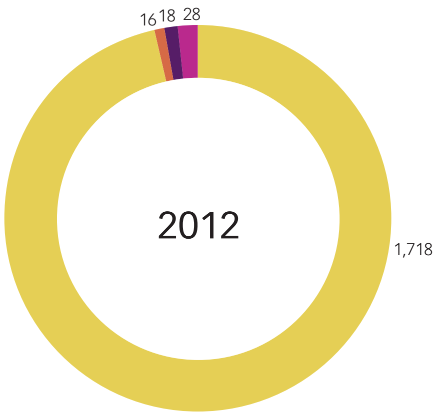


Contents

Financial Highlights

		2012	2011	Change
Turnover				
— Continuing operations	HK$M	**1,780**	1,580	+12%
— Discontinued operations	HK$M	**183**	240	–24%
Elimination	HK$M	**(78)**	(102)	+24%
Consolidated Total		**1,885**	1,718	+10%
Profits attributable to owners of the Company	HK$M	**914**	823	+11%
Dividend	HK$M	**751**	31	+2300%
Capital and reserves	HK$M	**7,539**	6,677	+13%
Earnings per share	HK cents	**234**	211	+11%
Dividend per share	HK cents	**192**	8	+2300%
Dividend cover	Times	**1.2**	26.4	–95%
Return on equity	Percent	**12**	12	–
Net assets per share — book value	HK cents	**1,927**	1,707	+13%

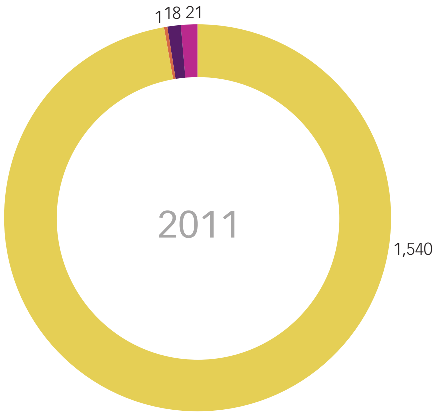
ANALYSIS OF SALES FROM CONTINUING OPERATIONS (HK$M)



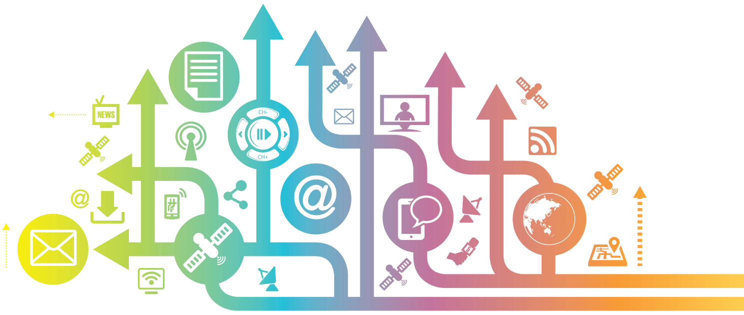
Income from provision of satellite transponder capacity

- Recurring
- Non-recurring

- Sales of satellite transponder capacity
- Other revenue



Corporate Information



CHAIRMAN AND NON-EXECUTIVE DIRECTOR

JU Wei Min *(appointed as Chairman on 1 February 2012)*

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sherwood P. DODGE *(re-designated from Chairman to Deputy Chairman on 1 February 2012)*

EXECUTIVE DIRECTOR

William WADE *(President and Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

MI Zeng Xin *(resigned as Deputy Chairman on 1 February 2012)*
LUO Ning
Peter JACKSON *(appointed on 9 January 2012)*
John F. CONNELLY
Nancy KU
Mark CHEN
GUAN Yi *(resigned on 9 January 2012)*

ALTERNATE DIRECTOR

Jack CHONG *(appointed as alternate director to MI Zeng Xin on 9 January 2012)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward CHEN
Robert SZE
James WATKINS
Stephen Hoi Yin LEE *(appointed on 6 March 2013)*
Kenneth McKELVIE *(appointed on 6 March 2013)*

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)
Edward CHEN *(appointed on 23 August 2012)*
Robert SZE *(appointed on 23 August 2012)*
JU Wei Min
Nancy KU

COMPANY SECRETARY

Sue YEUNG

AUTHORISED REPRESENTATIVES

William WADE
Sue YEUNG

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

OTHER BANKERS

China Construction Bank (Asia) Corporate Limited
DBS Bank Limited (Hong Kong Branch)

PRINCIPAL SOLICITORS

Mayer Brown JSM
Paul, Weiss, Rifkind, Wharton & Garrison

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE

19/F Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

Chairman's Statement

A YEAR OF RECORD PERFORMANCE

As AsiaSat enters its 25th year, I am pleased to announce that we once again achieved record results for the year ended 31 December 2012. This was the fourth consecutive year of record performance for our Company, both in terms of profitability and revenue.

It should be noted, however, that 2012 was unique as there were two exceptional items that skewed our performance: a one-off revenue contribution from certain customers following the enactment of the Finance Act in India and the disposal of our wholly-owned subsidiary, SpeedCast Holdings Limited (SpeedCast), which positively impacted the Group's performance.

The global economic climate did temper the performance of our business. As our business trails general economic trends, we began to see some impact among government customers who tightened budgets, despite the gradual recovery in worldwide markets. Some of our smaller customers who struggled to find funding were especially cautious when signing or renewing contracts, and certain deals were more difficult to conclude due to aggressive competition.

Nevertheless, we continued to see strong pent-up demand for our services in markets throughout the region, especially in India, and we do not anticipate any serious negative impact on our business unless there is a significant deterioration in the global economy.

OUR EXPANDING ROLE CONNECTING PEOPLE AND THE WORLD

Over the years, AsiaSat has played a prominent role broadcasting live coverage of major sports tournaments and events to viewers across the Asia-Pacific. During the year, we provided live transmission of the UEFA Euro 2012, the biggest international sporting event in Europe held every four years. AsiaSat also played a significant role delivering live television coverage of the world's biggest and most viewed sporting event, the London Olympic Games, to broadcasting organisations and audiences throughout AsiaSat's region-wide footprint. Thanks to the reliable, high quality service that was offered in both HD and SD television formats, billions of viewers from across the region were able to witness this historic sporting event in which more than 10,000 athletes from 205 countries participated.

Many news agencies and broadcasters also relied on AsiaSat for distributing breaking and special news across the region. In one of the most noteworthy events of the year, we provided video news coverage of China's 18th National People's Congress.

TURNOVER

Consolidated turnover in 2012 was HK$1,885 million (2011: HK$1,718 million), an increase of HK$167 million, representing a rise of 10% compared with the previous year.

TURNOVER (CONTINUED)

In September 2012, the Group disposed of its entire interest in SpeedCast, its 100% wholly-owned VSAT operation. In accordance with the Hong Kong Financial Reporting Standard 5, all the revenue earned by SpeedCast, prior to the completion of the disposal, was treated as revenue from a discontinued operation and the revenue from the satellite operation, our core business, was treated as revenue from a continuing operation. After the disposal, SpeedCast continues to use AsiaSat's capacity to provide broadband access and maritime services to its customers across Asia.

The turnover split between our continuing operations and discontinued operations was HK$1,780 million (2011: HK$1,580 million) and HK$183 million (2011: HK$240 million) respectively. The consolidated turnover of HK$1,885 million (2011: HK$1,718 million) was derived after the elimination of intersegment sales of HK$78 million (2011: HK$102 million). The growth from our continuing operations was HK$200 million greater than last year, owing substantially to the one-off revenue contribution of HK$311 million from customers resulting from the enactment of the Finance Act in India in 2012. With the retirement of AsiaSat 2 in 2012, no additional revenue from AsiaSat 2 was reported in the current year.

OPERATING EXPENSES

Operating expenses for continuing operations in 2012, excluding depreciation and amortisation, were HK$248 million (2011: HK$274 million). The decrease was mainly the result of a reversal of impairment provisions previously made on certain customer debts, which we were able to recover during the year.

DEPRECIATION

Depreciation for continuing operations in 2012 was HK$345 million (2011: HK$333 million), slightly more than last year due to the commencement of depreciation on the newly-extended Tai Po Earth Station during the year.

PROFIT

Profit attributable to shareholders for 2012 was HK$914 million (2011: HK$823 million), representing an increase of 11% compared with 2011. This includes a gain of HK$119 million (2011: Nil) on the disposal of our entire interest in SpeedCast.

CASH FLOW

During 2012, the Group experienced a net cash outflow of HK$162 million (2011: outflow of HK$20 million) after capital expenditure of HK$1,669 million (2011: HK$975 million) and dividends of HK$47 million (2011: HK$207 million). As of 31 December 2012, the Group reported a cash and bank balance of HK$2,105 million (2011: HK$2,266 million).

The Group continues to be debt free.

Chairman's Statement

DIVIDENDS

The directors will recommend the payment of a final dividend of HK$0.80 per share (2011: Nil) and a special dividend of HK$1.00 per share (2011: Nil) in the forthcoming AGM to be held on 19 June 2013. This together with the interim dividend of HK$0.12 per share (2011: HK$0.08 per share), gives a total dividend of HK$1.92 per share (2011: HK$0.08 per share) for the year ended 31 December 2012.

CORE BUSINESS PERFORMANCE

During the year under review, our Company continued to provide reliable and uninterrupted service to our customers serving end-users in more than 50 countries and nearly two-thirds of the world's population.

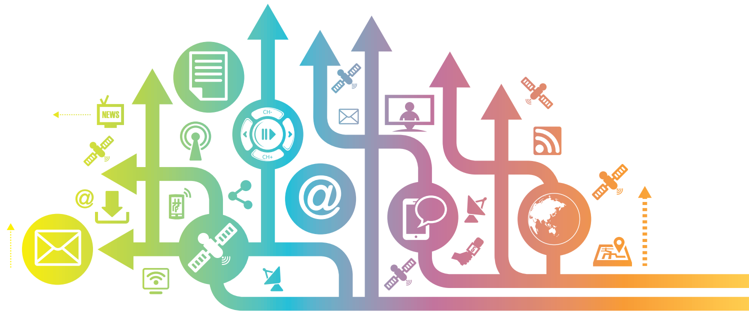
The total number of transponders leased or sold as of 31 December 2012 was 105 (31 December 2011: 108) with an overall year end utilisation rate of 79% (31 December 2011: 82%).

New contracts won during the year under review amounted to a total value of HK$162 million (2011: HK$551 million), while renewed contracts were worth HK$2,434 million (2011: HK$607 million). New and renewed contracts combined amounted to HK$2,596 million (2011: HK$1,158 million). The increase in total new and renewed contract value was mainly the result of renewals by major long-term customers during 2012.

INDIAN FINANCE ACT

In previous reports, I mentioned that the Finance Act enacted by the Indian Parliament in May 2012, could have unfavourable consequences on our current tax proceedings in the Indian Courts.

The implications of this Act would see revenues received from the provision of satellite transponder capacity with coverage including India, or income earned from any source dealing in India, charged tax in India. What remains unresolved is the portion of revenue earned by the Group that might be deemed to be Indian sourced. Our case is currently before the Indian Supreme Court, and a decision has yet to be made. In the meantime, our position in regard to what revenues are taxable has not changed, and we are awaiting the outcome of the case.



ASIASAT 7 AND ASIASAT 3S

Following the launch in November 2011 of AsiaSat 7, the replacement satellite for AsiaSat 3S, we completed in-orbit testing to verify its performance and integrity in early January 2012.

The launch of this satellite, which will ultimately replace AsiaSat 3S in 2014, was well ahead of schedule allowing us to provide a smooth service transition for our customers when the latter satellite is decommissioned. AsiaSat 7 is now co-located with AsiaSat 3S at the 105.5°E orbital slot.

During the interim period, AsiaSat 7 will be used for exploring short-term revenue opportunities and other temporary uses.

This approach of replacing our existing satellites early, underlines our strategy of providing service continuity and our commitment of not putting our customers' businesses at risk.

PROGRESS ON ASIASAT 6 AND ASIASAT 8

During the year, Space Systems/Loral commenced construction of two new satellites for the AsiaSat fleet: AsiaSat 6 and AsiaSat 8. Both SS/L 1300 satellites were on track during the year under review for their launch in the first half of 2014.

These additions to our fleet will take us from four satellites to six and will expand our capability to meet the increasing demand for quality satellite capacity in the Asia-Pacific region. As our existing operating satellites are now nearing full capacity, the launches of AsiaSat 6 and AsiaSat 8 are key to our continuing development as a company and offer further scope for growth once they come on line.

Once in operation, AsiaSat 6 will have 28 high-powered C-band transponders, and AsiaSat 8 will have 24 Ku-band transponders and a Ka-band beam. The two satellites will be able to offer exceptional power and additional beam coverage across Asia, the Middle East and Australasia.

AsiaSat 6 is expected to open new market opportunities for AsiaSat, following a unique arrangement signed with Thaicom Public Company Limited (Thaicom) that enables us to share certain frequencies in the 120°E orbital slot.

AsiaSat 8 will be co-located with AsiaSat 5 and will provide additional Ku-band capacity to provide services such as DTH television, private networks and data distribution.

Chairman's Statement

EXPANSION OF TAI PO EARTH STATION IN HONG KONG

In the first half of 2012, we completed the expansion of our Earth Station at Tai Po, Hong Kong. This facility supports the Telemetry, Tracking and Control (TT&C) activities of AsiaSat's fleet of satellites, enabling us to enhance value-added service offerings such as C-band and Ku-band traffic uplink, shared hub services, MCPC (Multiple Channels per Carrier) distribution platforms, equipment hosting and backup services to customers.

The expansion of our Earth Station with these services further increases our competitiveness and complements our existing core business of transponder capacity leasing.

SPEEDCAST

In September 2012, we signed an agreement with SpeedCast Acquisitions Limited to dispose of our entire interest in SpeedCast.

The reason for our disposal of SpeedCast was based simply on the fact that it lies outside our core business. Having invested substantially to grow this company, we felt that we had reached a point where a new investor running the company would be better placed to take SpeedCast to the next level of its development. Continuing to provide services for broadband applications in areas not adequately served by terrestrial infrastructure and at sea, SpeedCast will remain one of our major customers.

FAILURE OF PRIVATISATION PROPOSAL

As we described in our interim report, the proposal by Asia Satellite Management Stock Ownership Trust (MSOT) and AsiaSat MSOT (PTC) Limited (acting in its capacity as trustee of MSOT) for the privatisation of the Company, was not approved by the requisite majority of independent shareholders.

OUTLOOK

As we look beyond 2012, we remain generally optimistic about our prospects. Our market position is strong, and we continue to be regarded as the industry leader in Asia.

Although some of our customers faced budgetary constraints during the year, our clientele mostly remained loyal to us based on our ability to offer a full range of high quality satellite services and support their business development.

Chairman's Statement

OUTLOOK (CONTINUED)

In the year ahead, however, achieving another record gain will be a challenge as we experienced some exceptional items during the year under review, which will not occur again in 2013. With the disposal of SpeedCast and the loss of its revenue contribution, our revenue will inevitably decrease in 2013, although we do not expect this to have a significant impact on our profit as SpeedCast's margins were relatively low. Additionally, the contract with one of our longest-running customers was renegotiated at terms considerably lower than the previous contract due to the change in prevailing market rates. The new terms will take effect in mid-2013, and we will subsequently face a drop in revenue from this customer.

However, with our operating satellite fleet nearing full capacity, it will be difficult for us to make up this anticipated revenue decrease in 2013. Approaching 2014, however, we can look forward to the launches of AsiaSat 6 and AsiaSat 8, which will give us the added capacity to serve new customers and to meet the expansion needs of our existing customers.

During the intervening period, we will continue focusing on our core business of transponder leasing and exploring acquisition opportunities beyond our organic growth. We will also continue to work closely with our existing customers, helping them to identify new ways to benefit from our value proposition as a provider of premium satellite services in Asia-Pacific.

DIRECTORS AND SENIOR MANAGEMENT

In order to remain fully compliant with best practices in corporate governance, the Company has appointed two more Independent Non-executive Directors ("INEDs") to our Board on 6 March 2013. With these appointments, we fully comply with the requirement in the Listing Rules that the INEDs should represent at least one third of the Board.

I would like to take this opportunity to welcome Mr. Stephen Hoi Yin Lee and Mr. Kenneth McKelvie to the Board, and I look forward to working with them closely in the years ahead.

As both Professor Edward Chen and Mr. Robert Sze will retire as Directors and not offer themselves up for re-election at the upcoming AGM, on behalf of the Board I would like to thank them both for their many years of dedicated service to the Company and wish them well in their future endeavours.

I would also like to thank our customers and equity holders for their ongoing support of our Company, as well as our existing Board members and staff for their untiring commitment to AsiaSat's success.

JU Wei Min
Chairman

Hong Kong, 14 March 2013

Operations Review

From data broadcasting and mobile telecommunications to High Definition TV, AsiaSat continued to offer customers a full slate of satellite services during the year, which enabled us to maintain our leadership position in a market that spans Asia, Australasia, the Middle East and the CIS.

Our reputation as a provider of premium satellite communications and customer service is reinforced by our professionalism and willingness to work closely with customers to help them achieve their business objectives.

During the year, our core business remained strong, supported by the growing demand for increased bandwidth and connectivity as well as reliable telecommunications, broadband and VSAT services. The demand for more content and television channels is propelling the growth of our industry all across Asia. As economies strengthen and disposable incomes increase in the region, the need for our services will continue to escalate.

PERFORMANCE REVIEW

Consolidated turnover reached HK$1,885 million, up by HK$167 million or 10% from the previous year. The growth from our continuing operations was HK$200 million higher than last year, owing substantially to a one-off revenue contribution of HK$311 million from customers resulting from the enactment of the Finance Act in India in 2012. With the retirement of AsiaSat 2 in 2012, no additional revenue from AsiaSat 2 was reported in the current year.

Profit attributable to shareholders for 2012 increased to HK$914 million, up 11% over the previous year. This record profit was achieved as a result of record revenue, the absence of any significant impairment loss such as the HK$105 million on the investment in DISH-HD Asia Satellite in 2011, and a one-off gain of HK$119 million (2011: Nil) on the disposal of our entire interest in SpeedCast.

CHALLENGES IN 2012

During the year we faced a number of challenges in some of our markets, such as the geopolitical situation in the Middle East where many of our customers are public broadcasters. The political instability complicated our customers' operations and made it difficult for us to conduct business.

We also experienced challenges from new national satellite operators and existing national operators expanding their fleet, who encouraged domestic users to switch to domestic satellites by offering very low prices. Nevertheless, we are confident that we can continue to attract customers who desire the high quality services and unique coverage that we provide.

The Indian market generally remained strong, despite the passage of the Finance Act earlier in the year and the regulatory hurdles that restrict foreign satellite operators to sell capacity directly to domestic users. However, we are seeing a strong lobby emerge asking for increased capacity which cannot be supplied by local operators. We expect to capitalise on this demand via our growing fleet of satellites in the near future.

Operations Review

MARKET DEMAND

Although each market presents unique challenges, new technologies such as High Definition Television (HDTV) and 3D programming are expected to increase bandwidth demand across the region, which we intend to fill through our expanded fleet in 2014.

For the present, AsiaSat continues to have a presence in many people's lives through our wide range of satellite capacity which offers Direct-to-Home television services, programme delivery for terrestrial stations and pay TV platforms for rebroadcast to viewers and subscribers. We also provide in-flight connectivity services for passengers on aircraft flying routes over the Middle East and India, and mobile backhaul for cellular operators to provide seamless mobile phone services in remote regions and the outlying islands of some Asian countries.

In developing markets and regions with underdeveloped infrastructure, AsiaSat provides capacity for the VSAT services that connect hospitals, schools, offshore oil rigs, business offices, banking and financial institutions, and securities exchanges.

IN-ORBIT SATELLITES

AsiaSat 2 was deorbited during the year and our remaining in-orbit satellites, AsiaSat 3S, AsiaSat 4 and AsiaSat 5, served customers reliably throughout the year without incident.

These three satellites are located over the Asian landmass, enabling our customers to provide comprehensive and dependable services throughout the Asia region. The quality and power of our satellites, along with the range of services we offer, give customers cost-effective and efficient access to two-thirds of the world's population.

AsiaSat 3S was launched in 1999 and is located at the 105.5°E slot with 28 C-band and 16 Ku-band transponders. The overall AsiaSat 3S utilisation rate as of 31 December 2012 was 72% (2011: 77%).

AsiaSat 4, launched in 2003, is positioned at 122°E and offers 28 C-band and 20 Ku-band transponders. AsiaSat 4's overall utilisation rate as of 31 December 2012 was 87% (2011: 84%).

AsiaSat 5, launched in 2009, is positioned at 100.5°E and carries 26 C-band and 14 Ku-band transponders. This satellite's overall utilisation rate as of 31 December 2012 was 78% (2011: 84%).

As of 31 December 2012, the total number of transponders leased and sold on our three satellites (excluding AsiaSat 7) was 105 (2011: 108 transponders), a marginal drop of 3%, while the fleet's overall utilisation rate decreased to 79% (2011: 82%) due to the early termination of a significant customer during the year. Revenue generated from occasional-use service amounted to HK$91 million (2011: HK$92 million), representing some 5% (2011: 5%) of recurrent revenue.

Operations Review

NEW SATELLITES

AsiaSat 7, our newest in-orbit satellite launched in 2011, carries 28 C-band, 17 Ku-band transponders and a small Ka payload. Launched in late 2011 it completed in-orbit testing in early January 2012.

With AsiaSat 7 now at the orbital location of 105.5°E, we are well ahead of schedule for replacing AsiaSat 3S. We are currently identifying business opportunities to use AsiaSat 7 during this interim period in advance of AsiaSat 3S's end-of-life replacement.

Based on the Space Systems/Loral 1300 platform, AsiaSat 7 offers a region-wide high-powered C-band beam covering Asia, the Middle East, Australasia and Central Asia, with Ku-band beams serving East and South Asia and a steerable beam to address specific market demands.

Two new satellites, AsiaSat 6 and AsiaSat 8, are now under construction at Space Systems/Loral and both are on schedule for launch in the first half of 2014.

AsiaSat 6 will carry 28 high-powered C-band transponders while AsiaSat 8 will have 24 Ku-band transponders and a Ka-band beam. The two satellites will serve Asia, the Middle East and Australasia.

AsiaSat 6 will ultimately serve customers from the 120°E orbital location, while AsiaSat 8 will co-locate with AsiaSat 5 at 100.5°E enabling us to provide high-powered Ku-band coverage in the high-growth markets of South Asia and the Middle East.

LAUNCH AGREEMENTS FOR ASIASAT 6 & ASIASAT 8

In February 2012, AsiaSat entered into an agreement with Space Exploration Technologies (SpaceX) to launch AsiaSat 6 and AsiaSat 8 in the first half of 2014 from its launch complex at Cape Canaveral in Florida, USA.

SpaceX is a new entrant in the launch arena and as is typically the case with all rocket development, the technical challenges inherent in building and validating a launch system present a variety of risks. For this reason, we signed an additional contract in June 2012 with International Launch Services (ILS) to utilise its Proton rocket to launch AsiaSat 6 or AsiaSat 8 or one of our future satellites. The contract includes an option to order one additional launch service should we have the requirement of an additional launch.

To ensure we have a complete contingency plan in place, we have also made arrangements with a third company, Sea Launch, for an option if needed for a future backup launch.

Operations Review

A GROWING CLIENT BASE

During the year AsiaSat continued to secure new customers, significantly expanding AsiaSat's solid client base and enabling us to enter new markets and sectors.

New broadcast customers included Zhwandoon Radio Television Network of Afghanistan using C-band capacity on AsiaSat 3S to distribute the Afghan channel, Zhwandoon TV. With programming in the Pashto and Dari languages, Zhwandoon TV provides news, entertainment, sports, music, religious, social, educational and political programmes.

Raajje Television Pvt. Ltd. of the Republic of Maldives also signed a new lease agreement for C-band capacity on AsiaSat 5 to distribute a Dhivehi language news channel across the country and the Asia-Pacific region.

In the Middle East, Dubai Media Incorporated signed a contract to broadcast two satellite channels, Dubai TV and Dubai Sports, on AsiaSat 5. These new services onboard our fleet have further strengthened our market leader position in providing the best and most comprehensive South Asian and Middle Eastern entertainment to multicultural communities across the Asia-Pacific region.

RENEWED CONTRACTS

The European Broadcasting Union (EBU), the world's leading alliance of public service media organisations, renewed its long-term contract with us for two C-band transponders on AsiaSat 5. EBU also signed a new contract for additional AsiaSat 5 capacity to support EBU's substantial growth of media content delivery services in the Asia-Pacific region. EBU distributes entertainment, culture, music, and live sports content, as well as news events such as the Olympics, World Cup, and the UEFA Champions League from Europe to audiences across Asia.

Regional broadcaster Channel NewsAsia also renewed its contract with us for distribution of its news programming on AsiaSat 3S to beam its signals across the Asia-Pacific region. Channel NewsAsia's programming is available to most Asian cable and satellite DTH networks, terrestrial television stations, hotel networks and private viewers.

In October 2012, existing client Panasonic Avionics Corporation (Panasonic), the world leader in state-of-the-art in-flight entertainment and communications, expanded its business relationship with us by securing additional Ku-band capacity on AsiaSat 5 to support its Global Communications Service. Under this deal, Panasonic will be able to ensure the best possible in-flight connectivity services for aircraft flying routes over the Middle East and India. Sophisticated in-flight communications and entertainment services for passengers and crew will include internet access, voice, data, live television programming and the ability to monitor and transmit airline operational data in real time at speeds of up to 50 Mbps.

Operations Review

CONTRACTS ON HAND

As of 31 December 2012, the Group carried a contract backlog of HK$3,936 million (2011: HK$3,083 million), an increase of HK$853 million. The renewal of contracts with some of our long-term customers during the year accounted for this large increase in 2012.

BROADCAST AND UPLINK LICENCES

AsiaSat continues to hold two licences issued by the Office of the Communications Authority. These licences are essential in allowing us to provide value-added services to our customers from our Tai Po Earth Station.

PROSPECTS

Our record performance for 2012 is a reflection of our strong, competitive position in the market for providing a full complement of satellite products, as well as our professional commitment to offer continuous, reliable service to customers. Due to the non-recurring items realised in the result of 2012, we cannot expect a comparable result in 2013.

As management we will also carefully monitor global economic conditions and exercise prudent financial controls to ensure our shareholders continue to receive outstanding value for their investment.

William WADE
President and Chief Executive Officer

14 March 2013

Corporate Governance Report

STATEMENT

In the interest of the shareholders of the Company ("Shareholders", and each a "Shareholder"), 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 with the exceptions below.

Throughout 2012, 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 ("Listing Rules") on the Stock Exchange with certain deviations as outlined below.

The directors of the Company ("Directors" and each a "Director") 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 2012, the Directors have:

- selected suitable accounting policies and applied them consistently;
- appropriately adopted all applicable Hong Kong 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

On 1 April 2012, the Code on Corporate Governance Practices ("Former CG Code") as set out in Appendix 14 of the Listing Rules was amended and renamed as Corporate Governance Code and Corporate Governance Report ("New CG Code"). During the relevant periods for the year 2012, the Company fully complied with the Code Provisions in the Former CG Code and New CG Code, save for the following:

(i) For the period from 1 January 2012 to 31 March 2012:

Deviation from the Former CG Code

— Deviation from Code Provision B.1.1

(ii) For the period from 1 April 2012 to 31 December 2012:

Deviation from the New CG Code

— Deviation from Code Provision A.5.1
— Deviation from Code Provision A.6.7
— Deviation from Code Provision E.1.2

CODE ON CORPORATE GOVERNANCE PRACTICES (CONTINUED)

Under Code Provision B.1.1 of the Former CG Code, a majority of the members of the Remuneration Committee ("RC") should have been INEDs. During the period from 1 January 2012 to 31 March 2012, the RC of the Company was composed of three members, of whom one is an INED who also chairs the RC, while the other two are Non-executive Directors ("NEDs").

The Company considered that it was logical and more efficient to have a small RC as it allowed open, frank and very focused discussions. Strict compliance with the Former CG Code would have had the RC consist of at least five members, implying that all the INEDs would have had to participate in the RC so as to maintain the balance of input from the representatives of major Shareholders. Notwithstanding the foregoing, as such requirement under the Former CG Code has now become a rule under Rule 3.25 of the Listing Rules, the Company has changed the composition of the RC to comply with such requirement.

Under Code Provision A.5.1 of the New CG Code, the Nomination Committee ("NC") should be chaired by the Chairman of the board or an INED and comprise a majority of INEDs. The NC is currently composed of three members, of whom one is an INED who also chairs the NC, while the other two are NEDs.

The Company considers that it is logical and more efficient to have a small NC as it allows open, frank and very focused discussions. Strict compliance with the New CG Code would have the NC consist of at least five members so as to maintain the balance of input from the representatives of the major shareholders.

Under Code Provision A.6.7 of the New CG Code, NEDs and INEDs should attend general meetings of the Company. All the NEDs of the Company were absent from the annual general meeting of the Company held on 26 June 2012 ("2012 AGM"), the court meeting of the Company held on 18 July 2012 ("Court Meeting") and the special general meeting held on 18 October 2012 ("SGM") due to prior business engagements, except that Mr. Mi Zeng Xin and Ms. Nancy Ku attended the SGM, Mr. Peter Jackson attended the Court Meeting and the SGM, and Mr. Chong Chi Yeung (the alternate Director to Mr. Mi Zeng Xin) attended the 2012 AGM, the Court Meeting and the SGM.

Under Code Provision E.1.2 of the New CG Code, the chairman of the Board should attend the annual general meeting of the Company. As mentioned above, Mr. Ju Wei Min, the chairman of the Board of the Company, was engaged in pressing business overseas. Mr. William Wade, President and Chief Executive Officer ("CEO") of the Company, was appointed as the Chairman of the 2012 AGM to answer and address questions raised by Shareholders at the 2012 AGM.

Corporate Governance Report

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

The Company has adopted procedures governing Directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout 2012.

THE COMPANY

The Company is listed on the Stock Exchange and the majority of its shares are held by a private company, Bowenvale Limited ("Bowenvale"), incorporated in British Virgin Islands, with a 74.43% holding. Both CITIC Group Corporation ("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.

BOARD OF DIRECTORS

The Board is currently composed of 14 members: eight appointed by the shareholders of Bowenvale, CITIC and GE, as NEDs, namely Mr. Ju Wei Min (*Chairman*), Mr. Sherwood P. Dodge (*Deputy Chairman*), Mr. Mi Zeng Xin, Mr. Luo Ning, Mr. Peter Jackson, Mr. John F. Connelly, Ms. Nancy Ku and Mr. Mark Chen; five INEDs, namely Professor Edward Chen, Mr. Robert Sze, Mr. James Watkins, Mr. Stephen Hoi Yin Lee and Mr. Kenneth McKelvie; and one Executive Director ("ED"), Mr. William Wade, who is also the President and Chief Executive Officer ("CEO") of the Company. The alternate Director is Mr. Chong Chi Yeung (alternate to Mr. Mi Zeng Xin).

Pursuant to Rule 3.10A of the Listing Rules, the Company must, by 31 December 2012, appoint such number of INEDs representing at least one-third of the Board. As at 31 December 2012, the Board was composed of twelve directors of whom three were INEDs. The number of INEDs of the Company therefore represented less than one-third of the Board.

In order to comply with such requirement under Rule 3.10A of the Listing Rules, the Company has on 6 March 2013 appointed two more INEDs, namely Mr. Stephen Hoi Yin Lee and Mr. Kenneth McKelvie, to the Board such that the number of INEDs represents more than one-third of the Board.

Ordinarily, the Chairman and the Deputy Chairman of the Board are appointed by CITIC and GE from one of their nominated Directors, and these posts are rotated between nomination by 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.

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

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 senior management members.

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 its senior management. The Board has established a framework of corporate governance and is supported by three committees, the Audit Committee ("AC"), the 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 Chairman of the Board 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 responsibility of running the Group's business, and implementation of the Group's strategy in achieving its overall commercial objectives. The role of the Chairman and the CEO are segregated and not assumed by the same individual. Currently, Mr. Ju Wei Min and Mr. Sherwood P. Dodge act as Chairman and Deputy Chairman respectively. Mr. William Wade acts as CEO.

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"). All of the Board members have 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 (other than Mr. Stephen Hoi Yin Lee and Mr. Kenneth McKelvie, who were appointed on 6 March 2013) and committee members in 2012:

	Attendance/Number of Meetings held				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	AGM/Court Meeting/ SGM
NEDs					
Ju Wei Min① (Chairman)	6/10	2/2	2/3		0/3
Sherwood P. Dodge② (Deputy Chairman)	9/10			2/3	0/3
Mi Zeng Xin①	8/10			3/3	1/3
Luo Ning①	4/10				0/3
Peter Jackson①	10/10				2/3
John F. Connelly②	9/10				0/3
Nancy Ku②	9/10		3/3		1/3
Mark Chen②	9/10	2/2			0/3
Chong Chi Yeung① (alternate to Mi Zeng Xin)	9/10				3/3
INEDs					
Edward Chen③	9/10	2/2	1/1③	3/3	3/3
Robert Sze③	9/10	2/2	1/1③		3/3
James Watkins	10/10	2/2	3/3		3/3
ED					
William Wade (CEO)	10/10				3/3

① CITIC appointed Directors.

② GE appointed Directors.

③ Appointed as members of Remuneration Committee on 23 August 2012 and there was only one meeting held after their appointment date.

Corporate Governance Report

DIRECTORS' TRAINING

Pursuant to Code Provision A6.5 of the New CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remained informed and relevant and that the Company should be responsible for arranging and funding training with an appropriate emphasis on the roles and functions and duties of the Directors.

During the year, the Company has organised a briefing session conducted by external lawyer for the Directors. The briefing session covered areas such as disclosures for insider information. In addition, individual Directors also participated in the other external seminars or briefings relating to the roles, functions and duties of a listed company director and latest developments in regulatory requirements.

The following table summarises the training received by each Director (other than Mr. Stephen Hoi Yin Lee and Mr. Kenneth McKelvie, who were appointed on 6 March 2013) in year 2012 based on the training records provided by the Directors:

Name	Briefing Session	External Seminars/ Briefing/ Self Reading
NEDs		
Ju Wei Min① *(Chairman)*	√	√
Sherwood P. Dodge② *(Deputy Chairman)*	√	√
Mi Zeng Xin①	√	√
Luo Ning①	–	√
Peter Jackson①	√	√
John F. Connelly②	√	√
Nancy Ku②	√	√
Mark Chen②	√	√
Chong Chi Yeung (alternate to Mi Zeng Xin)①	√	√
INEDs		
Edward Chen	√	√
Robert Sze	√	√
James Watkins	√	√
ED		
William Wade (CEO)	√	√

① CITIC appointed Directors.
② GE appointed Directors.

REMUNERATION COMMITTEE

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 each 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; and

(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 five members, of whom three are INEDs, namely Professor Edward Chen, Mr. Robert Sze and Mr. James Watkins, and the other two are NEDs, namely Mr. Ju Wei Min and Ms. Nancy Ku. The RC is chaired by an INED, namely Mr. James Watkins. The RC is scheduled to meet at least twice a year. It also holds private sessions without the presence of management.

The following is a summary of the work of the RC in 2012:

(i) approved bonuses for 2012;

(ii) approved the amount of restricted share award for eligible staff for 2012;

(iii) approved a new long term incentive plan for a subsidiary;

(iv) approved the basis for performance bonus target for management staff;

(v) approved the updated terms of reference;

(vi) reviewed fees of NEDs and INEDs; and

(vii) approved 2013 salary review.

REMUNERATION COMMITTEE (CONTINUED)

The Group has established a performance-based appraisal system. The present remuneration package consists of salaries, 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 13 to the consolidated financial statements.

The Company has adopted the model to delegate the determination of the remuneration packages of the ED and senior management to the RC.

NOMINATION COMMITTEE

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

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

(ii) selects or recommends to the Board candidates of Directors for approval at the next AGM;

(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 plans for the CEO.

The following is a summary of the work of the NC in 2012:

(i) recommended directors for re-election at the AGM;

(ii) approved the updated terms of reference;

(iii) reviewed succession plans, including an emergency succession list of the key positions, and staff training conducted during the year;

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

(v) sourced and identified suitable candidates to act as INEDs.

NOMINATION COMMITTEE (CONTINUED)

The NC has the sole authority to:

(i) retain and terminate consultancy firms for identifying Director candidates;

(ii) retain other professionals to assist it with any background checks; and

(iii) approve the fees and engagement terms of the relevant consultancy firms and other professionals.

Composition

The NC is currently composed of three members, of whom one is an INED, namely Professor Edward Chen, who also chairs the NC, while the other two are NEDs, namely Mr. Sherwood P. Dodge and Mr. Mi Zeng Xin.

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 accuracy of the financial statements and other financial information provided by the Group to its Shareholders, the public and the Stock Exchange;

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

(iii) the Independent Auditor's ("IA") qualifications and independence;

(iv) the audit of the Group's financial statements and of the effectiveness of internal control procedures over financial reporting processes; and

(v) the performance of the Group's internal audit function and IA.

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 control procedures of the Group and the adequacy of the external and internal audits.

Corporate Governance Report

AUDIT COMMITTEE (CONTINUED)

The AC shall have the sole authority and responsibility to:

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

(ii) approve all audit engagement fees and terms and all non-audit engagements with the IA; 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 CEO and the personnel responsible for the internal audit function, but shall not delegate these responsibilities.

The following is a summary of the work of the AC in 2012:

(i) reviewed the financial statements and reports for the year ended 31 December 2011 and for the six months ended 30 June 2012;

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

(iii) reviewed the IA's statutory audit plan and the management representation letters to the IA;

(iv) considered and approved the 2012 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 2012 in conjunction with the Group's IA;

(vii) reviewed the "Continuing Connected Transactions" set forth on pages 47 and 48 prior to the review and confirmation by the Board ; and

(viii) conducted a private session with the IA.

AUDIT COMMITTEE (CONTINUED)

Auditors' Remuneration

The fees incurred and described below for 2012 were as follows:

	2012 HK$'000	2011 HK$'000
Audit Fees	**1,772**	1,650
Tax Fees	**1,870**	2,564
All Other Fees	**760**	130
	4,402	4,344

Audit Fees

The aggregate fees incurred by the Group for professional services rendered by the IA for the audit and review of the Group's financial statements.

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.

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.

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 IA engaged for the purpose of preparing or issuing an Audit Report or performing other audit, review or attestation 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.

AUDIT COMMITTEE (CONTINUED)

Composition

The AC comprises five members, three of whom are INEDs, namely Mr. Robert Sze, Professor Edward Chen and Mr. James Watkins, who satisfy independence, financial literacy and experience requirements, whilst the other two members are NEDs, namely Mr. Ju Wei Min and Mr. Mark Chen, and have only observer status with no voting rights. The AC is chaired by an INED, namely Mr. Robert Sze, who possesses appropriate professional qualifications and experience in financial matters.

CORPORATE GOVERNANCE FUNCTIONS

To comply with the requirement under the New CG Code in respect of the responsibilities for performing the Company's corporate governance duties, the Board:

(i) has developed, and regularly reviews and monitors the Company's policies and practices on corporate governance;

(ii) regularly reviews and monitors the training and continuous professional development of Directors and senior management of the Company;

(iii) regularly reviews and monitors the Company's policies and practices on compliance with legal and regulatory requirements;

(iv) has developed, and regularly reviews and monitors the code of conduct and compliance manual applicable to employees and Directors; and

(v) regularly reviews the Company's compliance with the Former CG Code and New CG Code and disclosure in the Company's corporate governance report.

ACCOUNTABILITY AND AUDIT

Financial reporting

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

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 2012, 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 annual review of the Company's internal control system, the AC made reference to the requirements of the relevant regulatory bodies. The Board is of the view that, in general, the Group has set up a sound internal control environment and implemented an effective system of internal control.

Internal audit plan

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.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal control (continued)

Grievances and whistle-blowing policies

The Group has established defined procedures for handling employees' complaints and grievances and alerts of wrongdoings. Recommendations on improvements can be channelled to the respective department heads or escalated to the 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.

SHAREHOLDERS' RIGHTS

i. Convening of SGM on Requisition by Shareholders

Article 70 of Company's Bye-laws set out the position when a requisition is made by Shareholders. Article 70 provides that a SGM shall be convened on requisition, as provided by the Companies Act 1981 of Bermuda (as amended), or, in default, may be convened by the requisitionists.

Pursuant to section 74 of the Companies Act 1981 of Bermuda (as amended), a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may requisition the Directors to forthwith proceed duly to convene a SGM by depositing a written requisition at the registered office of the Company.

The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

A SGM so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

SHAREHOLDERS' RIGHTS (CONTINUED)

ii. Procedures for making enquiry to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary at 19/F, Sunning Plaza, 10 Hysan Avenue, Causeway Bay, Hong Kong. The Company Secretary shall forward the Shareholders' enquiries and concern to the Board to answer the Shareholders' questions.

iii. Procedures for putting forward proposals at general meetings

Any number of Shareholder(s) of the Company holding not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting of the Company or not less than 100 Shareholders of the Company can submit a written requisition to the Company requesting the Company to:

(a) to give to the Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and/or

(b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

A copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, must be deposited at the registered office of the Company (Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda):

(i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(ii) in the case of any other requisition, not less than one week before the meeting; and

The requisitionist(s) must also deposit or tender with the requisition a sum reasonably sufficient to meet the Company's expense in serving the notice of resolution and/or circulation of statement to the Shareholders pursuant to the requisition.

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

Corporate Governance Report

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

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 Listing Rules, voting by poll is now mandatory for all shareholders meetings.

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's constitutional documents. A copy of the Company's Bye-laws is posted on the websites of the Company and the Stock Exchange.

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$914 million (2011: HK$823 million), an increase of HK$91 million or 11% from the prior year. The increase in profit was mainly due to a gain on disposal of its wholly-owned interest in SpeedCast and its subsidiaries of approximately HK$119 million (2011: Nil).

Turnover

Consolidated turnover in 2012 was HK$1,885 million (2011: HK$1,718 million), an increase of HK$167 million, up 10% from the previous year. The turnover split between our continuing operations and discontinued operations was HK$1,780 million (2011: HK$1,580 million) and HK$183 million (2011: HK$240 million) respectively. The consolidated turnover of HK$1,885 million (2011: HK$1,718 million), was derived after the elimination of intersegment sales of HK$78 million (2011: HK$102 million). The growth from our continuing operations was HK$200 million greater than last year, owing substantially to additional revenue of HK$311 million from customers resulting from the enactment of the Finance Act in India in 2012. No additional revenue from AsiaSat 2 was recognised in 2012 due to the retirement of AsiaSat 2 during the year.

Cost of services

Cost of services from continuing operations of HK$459 million (2011: HK$427 million) represented an increase of HK$32 million. The increase was largely due to the refund of China business taxes paid of HK$12 million in 2011, and the commencement of depreciation on the newly-extended Tai Po Station during 2012.

Other gains

The gain of HK$29 million (2011: HK$47 million), a decrease of HK$18 million, was mainly due to non-bank interest income of HK$17 million which was received from the Indian tax authority in respect of a tax refund in 2011.

Administrative expenses

Administrative expenses from continuing operations were HK$134 million (2011: HK$181 million), a decrease of HK$47 million or 26%. The decrease was mainly the result of a reversal of impairment provisions previously made on certain customer debts, which we were able to recover during the year.

Discontinued operations

On 21 September 2012, we signed an agreement with SpeedCast Acquisitions Limited to dispose of our wholly-owned interest in SpeedCast and its subsidiaries. The consideration was approximately HK$251 million and the Group recognised a gain on disposal of approximately HK$119 million. On 26 June 2012, we completed the disposal of DISH-HD Asia Satellite Limited ("DISH-HD Asia Satellite") the jointly controlled entities, after obtaining the final regulatory approval. The disposal did not result in any gain or loss in year 2012.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTINUED)

Income tax expense

A significant portion of the Group's profit is treated as earned outside of Hong Kong and is not subject to Hong Kong profits tax. Hong Kong profits tax was calculated at 16.5% (2011: 16.5%) of the estimated assessable profit for the year. The Group's effective tax rate for the year was approximately 36% (2011: 11%).

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation, that range from 7% to 42.23% (2011: 7% to 42.23%), prevailing in the countries in which the profit is earned. The Group has made a tax provision for Indian Tax reflecting the impact of the enactment of the new Finance Act in India, which was enacted with retrospective effect in May 2012. Further details are set out in Note 21 to the consolidated financial statements.

Financial Results Analysis

The financial results are highlighted below:

		2012	2011	Change
Turnover				
— Continuing operations	HK$M	**1,780**	1,580	+12%
— Discontinued operations	HK$M	**183**	240	–24%
Elimination	HK$M	**(78)**	(102)	+24%
Consolidated Total		**1,885**	1,718	+10%
Profits attributable to owners of the Company	HK$M	**914**	823	+11%
Dividend	HK$M	**751**	31	+2300%
Capital and reserves	HK$M	**7,539**	6,677	+13%
Earnings per share	HK cents	**234**	211	+11%
Dividend per share	HK cents	**192**	8	+2300%
Dividend cover	Times	**1.2**	26.4	–95%
Return on equity	Percent	**12**	12	–
Net assets per share — book value	HK cents	**1,927**	1,707	+13%

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal use of capital during the year under review was the payment of dividends, satellite insurance and capital expenditure related to the construction of AsiaSat 6 and AsiaSat 8. These payments were financed through the cash flow generated from operating activities.

The Group had a net cash outflow of HK$162 million (2011: outflow of HK$20 million) and remained debt free in 2012.

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 United States Dollars to meet its payments. The Hong Kong Dollar is pegged to the United States 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 the majority of the revenue and the expenditure of the Group is denominated in United States 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 United States Dollars or Hong Kong Dollars.

ORDER BOOK

As at 31 December 2012, the value of contracts on hand amounted to HK$3,936 million (2011: HK$3,083 million), the majority of which will be realised over the next few years. Almost all the contracts are denominated in United States Dollars. The renewal of contracts with some of our long-term customers during the year accounted for this large increase in 2012.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year, the Group has disposed its wholly-owned subsidiaries and jointly controlled entities with details below:

SpeedCast

In September, we signed an agreement with SpeedCast Acquisitions Limited to dispose of our entire interest in SpeedCast.

The reason for our disposal of SpeedCast was based simply on the fact that it lies outside our core business. Having invested substantially to grow this company, we felt that we had reached a point where a new investor running the company would be better placed to take SpeedCast to the next level of its development. Continuing to provide services for broadband applications in areas not adequately served by terrestrial infrastructure and at sea, SpeedCast will remain one of our major customers.

DISH-HD Asia Satellite

In December 2011, AsiaSat agreed to dispose of its stake in DISH-HD Asia Satellite, a joint venture between AsiaSat and EchoStar Corporation providing DTH services and the completion of such disposal was subject to approval from the Office of Communications Authority. In June 2012, the approval was obtained for this disposal. AsiaSat continues to provide satellite capacity and support services for DISH-HD Asia Satellite's ongoing operations.

Saved as disclosed above, there were neither material acquisitions nor disposals of subsidiaries or associated companies during the year.

SEGMENT INFORMATION

The turnover of the Group, analysed by operating segments, is disclosed in Note 5 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2012, the Group had 124 permanent staff (2011: 191). The reduction in headcount was due to the disposal of subsidiaries during the year.

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

EMPLOYEES AND REMUNERATION POLICIES (CONTINUED)

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

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") are granted to eligible employees of the Company or any of its subsidiaries. Any Award Shares so granted 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 2012, 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 29 to the consolidated financial statements.

As at 31 December 2012, the Group had total capital commitments of HK$1,803 million (2011: HK$2,745 million), of which HK$1,803 million (2011: HK$1,846 million) was contracted for but not provided in the financial statements, and no commitment (2011: HK$889 million) was authorised by the Board but not yet contracted.

GEARING RATIO

As at 31 December 2012, the Company remained debt free. Therefore, a 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 United States Dollars. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. As at 31 December 2012, the Group's existing transponder utilisation agreements, and obligations to purchase equipment were denominated in United States 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 28 to the consolidated financial statements.

Biographical Details of Directors and Senior Management

DIRECTORS

JU Wei Min, aged 49, was appointed a NED on 12 October 1998 and a Chairman of the Company on 1 February 2012. Mr. Ju is the Vice President and Chief Financial Officer of CITIC Limited and was the Chairman of CITIC Trust Co., Ltd from 2004 to 2011. He is the Chairman and NED of CITIC Resources Holdings Limited, and the NED of China CITIC Bank Corporation Limited, CITIC Pacific Limited and CITIC Securities Company Limited (all are Hong Kong listed companies). He holds a Bachelor's Degree and Master's Degree in Economics.

Sherwood P. DODGE, aged 57, was appointed a NED on 6 February 2009 and appointed as the Chairman on 1 August 2011. Mr. Dodge was re-designated as a Deputy Chairman of the Company on 1 February 2012. He is the President and Chief Executive Officer ("CEO") of GE Capital Equity, America and heads the corporate development activities of GE Capital Americas. Prior to his current role, he was 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 GE's Sponsor Finance business. He joined GE in 1988 and has held a variety of executive positions, including President of GE Capital Thailand, and Managing Director of GE Capital Equity Europe. He received a Bachelor of Political Science degree from Denison University.

William WADE, aged 56, was appointed as a President and CEO of the Company on 1 August 2010. Mr. Wade has served as an ED of the Company since May 1996. Since joining the Company in April 1994 and before his appointment as CEO, he served as a Deputy CEO. Prior to joining AsiaSat, he held a number of senior management positions with various companies in Asia and the United States. He has over 26 years' experience in the satellite and cable television industry, working most of his career in Asia. 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).

MI Zeng Xin, aged 62, was appointed a NED of the Company on 28 February 2001. He has resigned as the Deputy Chairman of the Company on 1 February 2012 and remains as the NED. Mr. Mi ceased to act as an ED and a Vice President of CITIC in December 2011 upon its restructuring but still holds executive management positions in several other CITIC subsidiaries. He was the CEO of CITISTEEL USA Inc. in the United States from 1992 to 1997 and the Chairman of CITIC Australia Pty Limited from 2001 to 2010. He assumed various as an ED, a NED and Chairman of CITIC Resources Holdings Limited, since 2004 before his resignation from all positions on 1 March 2012. He is also the NED of CITIC Dameng Holdings Limited. Both are Hong Kong listed companies. He joined CITIC in 1985 and holds a Master's Degree in Science.

LUO Ning, aged 54, was appointed a NED of the Company on 22 January 2010. Mr. Luo is the Assistant President of CITIC Limited, Deputy Chairman of CITIC Guoan Group and the Chairman and General Manager of CITIC Networks Co. Ltd. He joined CITIC since 2000 and also holds directorships in several other subsidiaries of CITIC. He is the Director of CITIC Guoan Information Industry Company Limited which is listed on the Shenzhen Stock Exchange in the People's Republic of China. He is also the Vice Chairman and ED of CITIC 21 CN Company Limited and the ED of DVN (Holdings) Limited. Both are Hong Kong listed companies. He has over 18 years' experience in the telecommunication business and holds a Bachelor's Degree in Communication Speciality from the Wuhan People's Liberation Army Institute of Communication Command.

Biographical Details of Directors and Senior Management

DIRECTORS (CONTINUED)

Peter JACKSON, aged 64, was appointed as a NED of the Company on 9 January 2012. Mr. Jackson was the Company's previous Executive Chairman and retired on 31 July 2011. Prior to his retirement from the Company, he had served as the ED and the CEO of the Company since May 1996. Before the listing of the Company, he had already served in that position as CEO of AsiaSat since July 1993. On 31 July 2010, he retired from his position as CEO and was then appointed as Executive Chairman of the Company for a period of 1 year from 1 August 2010 to 31 July 2011. He has over 36 years' experience in the telecommunications field. Prior to joining the Company, he was employed by Cable & Wireless plc where he held engineering, marketing and management positions. He is also a member of Advisory Board of Thuraya Telecommunications, a mobile satellite operator based in Dubai, United Arab Emirates. Currently, he is also a consultant to CITIC, substantial shareholder of the Company. He is also working with several private equity firms in board or advisory positions.

John F. CONNELLY, aged 69, was appointed a NED of the Company on 29 March 2007. Mr. Connelly served with GE for over 41 years in a variety of positions. From 1992 to 2001 he served as the Chairman and the CEO of GE Americom, Inc., which was subsequently sold to SES S.A. ("SES"). In 2001 he was named the Vice Chairman of SES, a position he held until March 2007.

Nancy KU, aged 56, was appointed a NED of the Company on 29 March 2007. Ms. Ku is President & CEO of GE Capital, China. In her role, she is responsible for GE Capital's business in China with a focus on structured finance, asset based lending, equipment finance, private equity and consumer financial services. She joined GE in 1998, and has served in a variety of leadership roles in equity and corporate finance. She has over 20 years of experience in private equity, project finance and leveraged buyouts. Prior to joining GE, she held a number of key positions at HSBC, Canadian Imperial Bank of Commerce, Citibank and IBM. She is a graduate of the University of Waterloo and holds an MBA degree from the University of Toronto.

Mark CHEN, aged 38, was appointed a NED of the Company on 29 March 2007. Mr. Chen is the Senior Managing Director of GE Capital — Equity, Asia-Pacific. In this role, he leads the private equity investment and asset management activity for GE in the Asia-Pacific region. He joined GE in 2000 and served in a variety of key roles within Equity before taking over as head of Equity, Asia-Pacific in 2006. Prior to GE, he was an investment banker with Bankers Trust in New York, Tokyo and Seoul. He holds a Bachelor of Economics with honors from Harvard University and an Executive MBA from Kellogg HKUST. He is also a U.S. Presidential Scholar and a U.S. Byrd Congressional Scholar.

Professor Edward CHEN, G.B.S., C.B.E., J.P., aged 68, has been an INED of the Company since May 1996. Professor Chen 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 a Distinguished Fellow of the Hong Kong Institute for the Humanities and Social Sciences at the University of Hong Kong, Director of First Pacific Company Limited, Director of The Wharf (Holdings) Limited, and Trustee of LG Asian Smaller Companies Fund.

Biographical Details of Directors and Senior Management

DIRECTORS (CONTINUED)

Robert SZE, aged 72, has been an INED of the Company since May 1996. Mr. Sze is a fellow of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants. He was a partner in an international firm of accountants with which he practised for over 20 years, and is an NED of a number of Hong Kong listed companies.

James WATKINS, aged 67, was appointed an INED of the Company on 30 June 2006. Mr. Watkins 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 the General Counsel of the Jardine Matheson Group in Hong Kong. He is the NED of a number of Hong Kong and overseas listed companies, including Mandarin Oriental International Ltd., Hongkong Land Holdings Ltd., Jardine Cycle & Carriage Ltd., Global Sources Ltd. and Advanced Semiconductor Manufacturing Corporation Limited. He holds a Degree in Law from The University of Leeds, United Kingdom.

Stephen Hoi Yin LEE, aged 53, has over 30 years' experience in accounting, auditing and financial management, at KPMG in London and Hong Kong. Mr. Lee was an audit partner of KPMG Hong Kong before becoming the partner-in-charge of the risk & compliance advisory practices of KPMG in respect of Hong Kong, the PRC and the Asia-Pacific region. He retired from KPMG in June 2011, and is currently serving as an Adjunct Associate Professor at the Chinese University of Hong Kong and as the President of The Institute of Internal Auditors Hong Kong Limited. He was awarded a Bachelor of Arts (Hons) degree in Accountancy from City of London Polytechnic, in July 1981. He is an associate member of the Institute of Chartered Accountants in England and Wales and The Institute of Internal Auditors, and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Kenneth McKELVIE, aged 62, is a fellow of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants. Mr. McKelvie joined the London office of Deloitte Plender Griffiths & Co in 1969, and transferred to Hong Kong in 1977. He was a partner in the China member firm of Deloitte Touche Tohmatsu for 29 years, and retired in 2011. He was Chairman of Deloitte China and a member of the global board of Deloitte Touche Tohmatsu from 2002 to 2008.

CHONG Chi Yeung, aged 44, was appointed an alternate director to Mr. Mi Zeng Xin on 9 January 2012. Mr. Chong is the General Manager, Project Management Department of CITIC United Asia Investment Limited ("CITIC United Asia"), a wholly-owned subsidiary of CITIC in Hong Kong. Prior to joining CITIC United Asia in 2005, he held various financial and managerial positions in both large scale China Stated-owned Enterprises and Hong Kong listed companies. He graduated from California State University, United States with a Bachelor's Degree and a Master's Degree in Business Administration major in Finance in 1994. He has over 10 years of experience in merger and acquisition, corporate restructuring and financial management.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Philip BALAAM, aged 48, was appointed as AsiaSat's Vice President, Business Development on 7 April 2011. Mr. Balaam possesses over 21 years of experience in the satellite industry and has held various management positions in sales, marketing and business development. He joins AsiaSat from Arianespace where he served more than 13 years, most recently as the Sales and Marketing Director — Asia-Pacific of Arianespace Asean Office in Singapore. Prior to Arianespace, he worked with Matra Marconi Space (now Astrium) in various marketing and engineering positions. He holds a Ph.D. degree in Aerospace Engineering from the Pennsylvania State University, United States, an MBA degree from the Open University of United Kingdom and a B.Sc degree in Aeronautics and Astronautics from the University of Southampton, England.

Catherine CHANG, aged 45, is AsiaSat's General Counsel. Ms. Chang joined AsiaSat in 1994 and established the legal department to manage the legal affairs of the Company. Prior to joining the Company, she was the 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.

Sabrina CUBBON, aged 51, is AsiaSat's Vice President, Sales and Marketing, in which capacity Mrs. Cubbon is responsible for sales and marketing, business development, corporate affairs and market research. She has over 26 years of marketing experience in the telecommunications industry. Prior to joining AsiaSat in August 1992, she was employed by Case Communications between 1987 and 1992 as the 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.

Roger TONG, aged 51, is AsiaSat's Vice President, Engineering and Operations. Mr. Tong has over 23 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 Master of Business Administrations Degree from the Wilfrid Laurier University in Canada.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT (CONTINUED)

Sue YEUNG, aged 49, is AsiaSat's Vice President, Finance and Chief Financial Officer, and the Secretary of the Company. Ms. Yeung is the member of the Institute of Chartered Accountants in England and Wales. She has held various senior positions in both multinational companies and Hong Kong listed company. Prior to joining AsiaSat in October 2006, 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.

ZHANG Hai Ming, aged 56, is AsiaSat's Vice President, China, in which he is responsible for the Company's marketing, operation and customer relations activities in the Mainland China market. Mr. Zhang has over 25 years' experience in the satellite industry in various management positions, covering areas in business development, sales, marketing and operations. Prior to joining AsiaSat in August 2008, 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.

Directors' Report

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2012.

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 operating segment 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 statement of comprehensive income on pages 54 and 55.

The Directors recommend the payment of final dividend of HK$0.80 per share (2011: Nil) and a special dividend of HK$1.00 per share (2011: Nil), together with the interim dividend of HK$0.12 per share, totalling HK$1.92 per share in 2012 (2011: HK$0.08 per share).

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 56 and Note 14 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$5,000 (2011: HK$32,000).

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, calculated under Section 90 of the Companies Act 1981 of Bermuda, are set out in Note 13 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2012, the distributable reserves of the Company amounted to HK$420,910,000 (2011: HK$422,982,000), as calculated under the Companies Act 1981 of Bermuda.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or 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 115.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, the Trust, which was set up to administer the Company's Share Award Scheme, has purchased a total of 617,700 ordinary shares of HK$0.1 each of the Company at an average price of HK$23 per share on the Stock Exchange. The purchase involved a total cash outlay of HK$14,231,000. The aggregate price of the purchased shares was charged to equity as "Shares held under Share Award Scheme".

Save as disclosed above, neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year ended 31 December 2012 and the Company has not redeemed any of its shares during the year ended 31 December 2012.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 22 August 2007 ("Adoption Date"). Pursuant to the Share Award Scheme, award shares may be granted to eligible employees of the Company or its subsidiaries each year on the grant date until the tenth anniversary from the Adoption Date. The Company shall 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 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 13 to the consolidated financial statements.

Apart from the Share Award Scheme, at no time during 2012 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' Report

DIRECTORS

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

Chairman and Non-executive Director

JU Wei Min	*(appointed as Chairman on 1 February 2012)*

Deputy Chairman and Non-executive Director

Sherwood P. DODGE	*(re-designated from Chairman to Deputy Chairman on 1 February 2012)*

Executive Director

William WADE	(President and Chief Executive Officer)

Non-executive Directors

MI Zeng Xin	*(resigned as Deputy Chairman on 1 February 2012)*
LUO Ning	
Peter JACKSON	*(appointed on 9 January 2012)*
John F. CONNELLY	
Nancy KU	
Mark CHEN	
GUAN Yi	*(resigned on 9 January 2012)*

Alternate Director

CHONG Chi Yeung	*(appointed as alternate director to MI Zeng Xin on 9 January 2012)*

Independent Non-executive Directors

Edward CHEN	
Robert SZE	
James WATKINS	
Stephen Hoi Yin LEE	*(appointed on 6 March 2013)*
Kenneth McKELVIE	*(appointed on 6 March 2013)*

In accordance with Bye-law 110(A) of the Company's Bye-laws, Mr. Ju Wei Min, Mr. Luo Ning, 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. Professor Edward Chen and Mr. Robert Sze will retire at the forthcoming AGM and will not offer themselves for re-election.

In accordance with Bye-law 101 of the Company's Bye-laws, Mr. Stephen Hoi Yin Lee and Mr. Kenneth McKelvie, who were appointed as the Independent Non-executive Director 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' Report

DIRECTORS' SERVICE CONTRACTS

Mr. William Wade had a service contract with the Company as the CEO of the Company with effect from 1 August 2010.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company, any of its subsidiaries, 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 36 to 40.

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

At 31 December 2012, 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 2012

		Number of shares/underlying shares held							
	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
Directors									
Peter Jackson	Long position	800,264	–	–	–	–	–	800,264	0.20
	Short position	–	–	–	–	–	–	–	–
William Wade	Long position	488,188	–	–	–	–	–	488,188	0.12
	Short position	–	–	–	–	–	–	–	–
James Watkins	Long position	50,000	–	–	–	–	–	50,000	0.01
	Short position	–	–	–	–	–	–	–	–

Apart from the Share Award Scheme, 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 executive 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 2012, 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 2012

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	291,174,695[(1) & (2)]	74.43
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695[(1)]	74.43
CITIC Group Corporation	Interest in controlled corporation	Long position	291,174,695[(1)]	74.43
GE Pacific-3 Holdings, Inc.	Interest in controlled corporation	Long position	291,174,695[(2)]	74.43
General Electric Company	Interest in controlled corporation	Long position	291,174,695[(2)]	74.43
Aberdeen Asset Management plc and its subsidiary	Investment manager	Long position	24,040,500	6.15

Notes:

(1) Able Star Associates Limited ("Able Star") controls 50% of the voting rights of Bowenvale. Able Star is wholly-owned by CITIC Asia Satellite Holding Company Limited ("CITIC Asia") which in turn is wholly-owned by CITIC Projects Management (HK) Limited ("CITIC Projects"), a wholly-owned subsidiary of CITIC. Accordingly, Able Star, CITIC Asia, CITIC Projects and CITIC are deemed to be interested in the total of 291,174,695 shares in the Company held by Bowenvale.

(2) GE Pacific-3 Holdings, Inc. ("Pacific 3") controls 41.56% of the voting rights of Bowenvale and other affiliates of GE own another 8.44%. They are all indirect, wholly-owned subsidiaries of GE. Accordingly, Pacific 3 and its GE affiliates are interested in 291,174,695 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 2012, the total revenue from the Group's five largest customers represented 34% of the Group's consolidated revenue and the total revenue from the Group's largest customer represented 22% of the Group's consolidated revenue. The total amount of purchases attributable to the Group's five largest suppliers was 45% of the total purchases and the largest supplier represented 22% of the Group's total purchases.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

CONTINUING CONNECTED TRANSACTIONS

Certain related-party transactions as disclosed in Note 30 to the consolidated financial statements also constituted connected transactions under the Listing Rules, 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 are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

The Group has renewed the transponder master agreement with CITIC Networks Company Limited ("CITIC Networks", a wholly-owned subsidiary of CITIC) and CITIC Networks Company Limited, Beijing Satellite Telecommunications Branch ("CITICSat", the branch established and run by CITIC Networks), under which CITIC Networks and CITICSat granted a right to the Group to provide satellite transponder capacity for use by their customers in October 2012 for 3 years. The revenue generated from this agreement amounted to HK$225,633,000 (2011: HK$189,113,000). Furthermore, pursuant to this agreement, CITICSat is responsible for marketing activities in China on behalf of the Group. In return, the Group reimburses the expenditure CITICSat incurs plus a marketing fee, which is collectively known as the marketing expense. The amount of marketing expenses paid in year 2012 was HK$7,269,000 (2011: HK$1,251,000). In year 2011, a refund of HK$6,982,000 of Chinese business tax paid in previous years received and the said amount has been offset against the marketing expenses paid to CITICSat.

The aforesaid continuing connected transaction has been reviewed by INEDs of the Company. The INEDs confirmed that the aforesaid connected transaction was 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.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions as disclosed by the Group above in accordance with paragraph 14A.38 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Group has also entered into certain continuing connected transactions with connected parties which are qualified as de minimis transactions in accordance with paragraph 14A.33(3) of Chapter 14A of the Listing Rules, and hence are exempted from reporting, annual review, announcement and independent shareholders' approval requirement.

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 14 March 2013.

AUDITOR

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, 14 March 2013

Audit Committee Report

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. The IA is responsible for auditing and attesting to the 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 the IA the 2012 consolidated financial statements included in the 2012 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 IA 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 IA, the AC recommended to the Board approval of the consolidated financial statements for the year ended 31 December 2012, with the Independent Auditor's Report thereon.

The AC also reviewed and recommended to the Board approval of the unaudited condensed consolidated financial information for the first six months of 2012, 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 IA for 2013.

MEMBERS OF THE AUDIT COMMITTEE

Robert Sze	(Chairman)
Edward Chen	
James Watkins	
Ju Wei Min	(Non-voting)
Mark Chen	(Non-voting)

Hong Kong, 14 March 2013

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Consolidated Statement of Financial Position

	Note	As at 31 December 2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	6	**20,117**	20,700
Property, plant and equipment	7	**6,064,661**	4,726,467
Goodwill	8	**–**	38,675
Unbilled receivables		**44,110**	96,606
Amount paid to tax authority		**–**	37,704
Total non-current assets		**6,128,888**	4,920,152
Current assets			
Tax recoverable		**16,085**	–
Inventories	10	**–**	5,369
Trade and other receivables	11	**412,899**	368,618
Cash and bank balances	12	**2,104,940**	2,266,484
Total current assets		**2,533,924**	2,640,471
Total assets		**8,662,812**	7,560,623
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	13	**39,120**	39,120
Reserves	14(a)		
— Retained earnings		**6,764,776**	6,604,346
— Proposed final dividend	24	**312,956**	–
— Proposed special dividend	24	**391,196**	–
— Other reserves		**30,290**	32,260
		7,538,338	6,675,726
Non-controlling interests		**1,021**	1,140
Total equity		**7,539,359**	6,676,866

Consolidated Statement of Financial Position

	Note	As at 31 December 2012 HK$'000	2011 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	16	**352,919**	287,596
Deferred revenue	15	**72,194**	90,011
Other amounts received in advance		**1,377**	37,264
Other payables		**1,950**	2,150
Total non-current liabilities		**428,440**	417,021
Current liabilities			
Construction payables		**110,901**	36,064
Other payables and accrued expenses		**70,557**	100,506
Deferred revenue	15	**216,985**	232,927
Current income tax liabilities		**296,449**	97,118
Dividend payable		**121**	121
Total current liabilities		**695,013**	466,736
Total liabilities		**1,123,453**	883,757
Total equity and liabilities		**8,662,812**	7,560,623
Net current assets		**1,838,911**	2,173,735
Total assets less current liabilities		**7,967,799**	7,093,887

The notes on pages 58 to 114 are an integral part of these consolidated financial statements.

The financial statements on pages 51 to 114 were approved by the Board of Directors on 14 March 2013 and were signed on its behalf.

JU Wei Min
Director

William WADE
Director

Statement of Financial Position

	Note	As at 31 December 2012 HK$'000	2011 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	9	**445,310**	444,208
Total non-current assets		**445,310**	444,208
Current assets			
Amount due from a subsidiary	9	**36,948**	40,473
Other receivables, deposits and prepayments		**448**	460
Tax recoverable		**115**	–
Total current assets		**37,511**	40,933
Total assets		**482,821**	485,141
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	13	**39,120**	39,120
Reserves	14(b)	**438,776**	440,848
Total equity		**477,896**	479,968
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		**4,925**	4,836
Current income tax liabilities		**–**	337
Total liabilities		**4,925**	5,173
Total equity and liabilities		**482,821**	485,141
Net current assets		**32,586**	35,760
Total assets less current liabilities		**477,896**	479,968

The notes on pages 58 to 114 are an integral part of these consolidated financial statements.

The financial statements on pages 51 to 114 were approved by the Board of Directors on 14 March 2013 and were signed on its behalf.

JU Wei Min
Director

William WADE
Director

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2012 HK$'000	2011 HK$'000 (Restated)
Continuing operations			
Sales	5	**1,779,545**	1,579,646
Cost of services	18	**(459,046)**	(426,559)
Gross profit		**1,320,499**	1,153,087
Administrative expenses	18	**(134,344)**	(181,046)
Other gains — net	17	**28,855**	46,537
Operating profit		**1,215,010**	1,018,578
Finance costs	20	**(3,654)**	(7,083)
Profit before income tax		**1,211,356**	1,011,495
Income tax expense	21	**(431,231)**	(109,856)
Profit and total comprehensive income for the year from continuing operations		**780,125**	901,639
Discontinued operations			
Profit/(loss) for the year from discontinued operations	26	**134,247**	(79,071)
Profit and total comprehensive income for the year		**914,372**	822,568
Profit and total comprehensive income attributable to:			
Owners of the Company		**914,491**	822,685
Non-controlling interests		**(119)**	(117)
		914,372	822,568
Profit/(loss) attributable to owners of the Company arises from:			
Continuing operations		**780,244**	901,756
Discontinued operations	26	**134,247**	(79,071)
		914,491	822,685

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2012 HK$'000	2011 HK$'000 (Restated)
Earnings per share from continuing and discontinued operations attributable to the owners of the Company during the year (expressed in HK$ per share)			
Basic earnings/(loss) per share			
From continuing operations		**2.00**	2.31
From discontinued operations		**0.34**	(0.20)
From profit for the year	23	**2.34**	2.11
Diluted earnings/(loss) per share			
From continuing operations		**1.99**	2.30
From discontinued operations		**0.34**	(0.20)
From profit for the year	23	**2.33**	2.10
Dividends	24	**751,095**	31,296

The notes on pages 58 to 114 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	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	Non-controlling interests HK$'000	Total HK$'000
		Attributable to owners of the Company							
Balance at 1 January 2011		39,120	17,866	(12,891)	10,657	5,988,504	6,043,256	1,257	6,044,513
Comprehensive income									
Profit or loss		–	–	–	–	822,685	822,685	(117)	822,568
Transactions with owners									
Employees share award scheme:									
— Shares held under Share Award Scheme		–	–	(1,000)	–	–	(1,000)	–	(1,000)
— Share-based payment		–	–	–	17,628	–	17,628	–	17,628
— Shares vested under Share Award Scheme		–	–	12,831	(12,831)	–	–	–	–
Final dividend relating to 2010	24	–	–	–	–	(176,038)	(176,038)	–	(176,038)
Interim dividend relating to 2011	24	–	–	–	–	(31,296)	(31,296)	–	(31,296)
Dividend for shares held by Share Award Trust		–	–	–	–	491	491	–	491
Total transactions with owners		–	–	11,831	4,797	(206,843)	(190,215)	–	(190,215)
Balance at 31 December 2011		39,120	17,866	(1,060)	15,454	6,604,346	6,675,726	1,140	6,676,866
Balance at 1 January 2012		39,120	17,866	(1,060)	15,454	6,604,346	6,675,726	1,140	6,676,866
Comprehensive income									
Profit or loss		–	–	–	–	914,491	914,491	(119)	914,372
Transactions with owners									
Employees share award scheme:									
— Shares held under Share Award Scheme		–	–	(14,231)	–	–	(14,231)	–	(14,231)
— Share-based payment		–	–	–	9,278	–	9,278	–	9,278
— Shares vested under Share Award Scheme		–	–	13,579	(13,579)	–	–	–	–
Transfer to share-based payment reserve		–	–	–	2,983	(2,983)	–	–	–
Interim dividend relating to 2012	24	–	–	–	–	(46,943)	(46,943)	–	(46,943)
Dividend for shares held by Share Award Trust		–	–	–	–	17	17	–	17
Total transactions with owners		–	–	(652)	(1,318)	(49,909)	(51,879)	–	(51,879)
Balance at 31 December 2012		39,120	17,866	(1,712)	14,136	7,468,928	7,538,338	1,021	7,539,359

The notes on pages 58 to 114 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2012 HK$'000	2011 HK$'000
Cash flows from operating activities:			
Cash generated from the operations	25	1,489,989	1,214,504
Hong Kong profits tax paid		(46,370)	(69,203)
Overseas tax paid		(98,587)	(24,027)
Net cash generated from operating activities		1,345,032	1,121,274
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,669,366)	(975,643)
Proceeds from disposals of property, plant and equipment	25	1,498	2,263
Interest received		33,318	40,277
Increase in short-term bank deposits with maturities over three months		(1,315,910)	–
Proceeds from disposal of subsidiaries, net	26	192,799	–
Net cash used in investing activities		(2,757,661)	(933,103)
Cash flows from financing activities:			
Purchases of shares under Share Award Scheme		(14,231)	(1,000)
Other finance cost paid		(3,654)	–
Repayment of obligations under finance leases		(10)	(7)
Interest paid		(4)	(1)
Dividends paid	24	(46,926)	(206,843)
Net cash used in financing activities		(64,825)	(207,851)
Net decrease in cash and cash equivalents		(1,477,454)	(19,680)
Cash and cash equivalents at beginning of the year		2,266,484	2,286,164
Cash and cash equivalents at end of the year	12	789,030	2,266,484

The notes on pages 58 to 114 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

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

The Company is listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange").

These consolidated financial statements are presented in thousands of Hong Kong Dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 14 March 2013 and signed on its behalf by Mr. Ju Wei Min (Director) and Mr. William Wade (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 Company and its subsidiaries (together, the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS 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.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

There are no HKFRSs or HK(IFIC) interpretation that are effective for the first time for the financial year beginning 1 January 2012 that would have a material impact on the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

(b) New and amended standards not yet adopted by the Group

The following standards and amendments to existing standards have been issued, but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (Amendment)	Employee Benefits[1]
HKAS 27 (2011)	Separate Financial Statements[1]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[1]
HKAS 32 (Amendment)	Presentation — Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurements[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2011[1]

[1] Effective for the Group for annual periods beginning on or after 1 January 2013
[2] Effective for the Group for annual periods beginning on or after 1 January 2014
[3] Effective for the Group for annual periods beginning on or after 1 January 2015

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

2.2 Consolidation

(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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(a) *Subsidiaries (continued)*

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss (Note 2.6).

Inter-company transactions, income and expenses gains on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses (Note 2.7). Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

(b) *Transactions with non-controlling interests*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(c) Interests in jointly controlled entities

Jointly controlled entities are contractual arrangements whereby the Group and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity. Investments in jointly controlled entities are accounted for using the equity method of accounting and are initially recognised at cost.

The Group's share of its jointly controlled entity's post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, 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 a jointly controlled entity equals or exceeds its interest in the jointly controlled entity, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the jointly controlled entity.

Unrealised gains on transactions between the Group and its jointly controlled entity are eliminated to the extent of the Group's interest in the jointly controlled entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the jointly controlled entity have been changed where necessary to ensure consistency with the policies adopted by the Group.

(d) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President and Chief Executive Officer who makes strategic decisions.

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 (HK$), which is the Company's functional and the Group's 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 or valuation where items are re-measured. 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 consolidated statement of comprehensive income within 'Administrative expenses'.

(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 statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each statement of comprehensive income 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 in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Buildings in the course of development for production or administrative purposes 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.

Satellites under construction includes the manufacturing costs, launch costs and any other relevant direct costs when billed or incurred and is carried at cost less any identified impairment loss. 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial year in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, at the following rates per annum:

Satellites:	
— AsiaSat 3S	6.25%
— AsiaSat 4	6.67%
— AsiaSat 5	6.25%
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%

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 the end of each reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

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 (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised within 'Other gains — net' in the consolidated statement of comprehensive income.

2.6 Goodwill

Goodwill arises on the acquisition of subsidiary represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.7 Impairment of investments in subsidiaries and jointly controlled entities and non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. 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 suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment testing of the investments in subsidiaries or jointly controlled entities is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or jointly controlled entity in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 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.

2.9 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the income statement, which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group constituting the discontinued operation.

2.10 Financial assets

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position (Notes 2.11 and 2.12). Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(b) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (continued)

(b) Impairment of financial assets carried at amortised cost (continued)

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, short-term highly liquid investments with original maturities of three months or less.

2.13 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.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owner of the Company.

2.14 Construction payables

Construction payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Construction payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Current and deferred income tax

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

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's 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, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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 substantively 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 and jointly controlled entities, except for deferred income tax liability 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.

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 assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits

(a) *Pension obligations*

The Group participates in defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. 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 an equity-settled, share-based compensation plan namely a share award scheme under which the entity receives services from employees as consideration for equity instruments (award shares) of the Group. The Group grants shares of the Company to employees under the share award scheme. The award shares are purchased from the open market and the cost of shares purchased is recognised in equity as treasury stock called "shares held under share award scheme". The fair value of the employee services received in exchange for the grant of the award shares is recognised as an expense with a corresponding increase in share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of the award shares granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of award shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of award shares that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits (continued)

(b) Share-based compensation (continued)

The grant by the Company of award shares over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(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.

2.17 Provisions

Provisions for asset retirement obligations are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable 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 are not recognised for future operating losses.

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.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 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.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) 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 receivables from customers in accordance with the contract terms is shown as unbilled receivables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition (continued)

(b) 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.

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.

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

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

(d) 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.

(e) Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.20 Operating leases (as the lessee)

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 consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

2.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

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 United States Dollars. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. At 31 December 2012 and 2011, the majority of the Group's transponder utilisation agreements, transponder purchase agreements, obligations to purchase telemetry, tracking and control equipment were denominated in United States Dollars. As Hong Kong Dollars are pegged to United States Dollars, the Group does not have any significant currency exposure and does not need to hedge.

At 31 December 2012, certain trade receivables and cash and cash equivalents were denominated in Renminbi ("RMB") and the foreign currency exposure is analysed as follows:

	2012	2011
	RMB'000	RMB'000
Trade receivables	**103,702**	75,733
Cash and bank balances	**277,169**	135,231

At 31 December 2012, it is estimated that a general increase/decrease of 500 basis points in the exchange rate of Renminbi against Hong Kong Dollars, with all other variables held constant, would increase/decrease the Group's profit for the year and retained earnings by approximately HK$21,456,000 (2011: HK$12,839,000).

The sensitivity analysis above has been determined assuming that the change in foreign currency exchange rate has occurred at the reporting date and has been applied to the amount receivable in Renminbi at that date. The 500 basis points increase/decrease represents management's assessment of a reasonably possible change in the foreign currency exchange rate over the period until the next annual reporting date. The analysis is presented on the same basis for 2011.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) *Credit risk*

The Group has no significant concentrations of credit risk. Credit risk of the Group arises from credit exposures to its customers and cash and cash equivalents.

The Group assesses the credit quality of its customers by taking account of their financial position, 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. This credit risk is not considered significant because 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 and deposits from certain trade customers to manage the credit exposure. Moreover, the Group only places cash and deposits with reputable banks and financial institutions.

(c) *Cash flow interest rate risk*

The Group has no significant interest-bearing assets or liabilities, however, the Group earns interest income from time and 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 following table details the interest rate profiles of the Group's short-term deposits:

	2012		2011	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Short-term deposits	**1.3%**	**2,063,564**	1.2%	2,181,633

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Cash flow interest rate risk (continued)

At 31 December 2012, it is estimated that a general increase/decrease of 100 basis points in the interest rate, with all other variables held constant, would increase/decrease the Group's profit for the year and retained earnings by approximately HK$20,636,000 (2011: HK$21,816,000).

The sensitivity analysis above has been determined assuming that the change in interest rates has occurred at the reporting 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 reporting date. The analysis is performed on the same basis for 2011.

(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 invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room to meet operation needs. The Group also reviews different funding options regularly in case needs arise.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(d) Liquidity risk (continued)

The non-derivative financial liabilities of the Group as at 31 December are analysed into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date in the table below. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	2012 Within 1 year HK$'000	2012 More than 1 year but less than 3 years HK$'000	2012 Total HK$'000	2011 Within 1 year HK$'000	2011 More than 1 year but less than 3 years HK$'000	2011 Total HK$'000
Current liabilities						
Construction payables	110,901	–	110,901	36,064	–	36,064
Other payables and accrued expenses	70,557	–	70,557	100,506	–	100,506
	181,458	–	181,458	136,570	–	136,570
Non-current liabilities						
Other payables	–	1,950	1,950	–	2,150	2,150

Company

	2012 Within 1 year HK$'000	2012 More than 1 year but less than 3 years HK$'000	2012 Total HK$'000	2011 Within 1 year HK$'000	2011 More than 1 year but less than 3 years HK$'000	2011 Total HK$'000
Current liabilities						
Other payables and accrued expenses	4,925	–	4,925	4,836	–	4,836

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

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

- To safeguard the Group's ability to continue as a going concern in order 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. Having considered the privatisation plan announced in March 2012, the Group did not declare a final dividend relating to 2011. Other than that, the Group's overall policy on managing capital remained the same as in 2011.

3.3 Fair value estimation

The carrying value of the Group's financial assets and financial liabilities is a reasonable approximation of their fair values due to their relatively short term nature of these financial instruments.

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

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 addressed below.

(a) 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 3S, AsiaSat 4 and AsiaSat 5) represented 26% of its total assets as of 31 December 2012 (2011: 34%). 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.

For the year ended 31 December 2012, it is estimated that a general increase/decrease of one year useful life of the in-orbit satellites, with all other variables held constant, would decrease/increase the depreciation charge for the year by approximately HK$19,263,000 (2011: HK$19,264,000) and HK$22,008,000 (2011: HK$22,008,000) respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.2 Critical judgments in applying the entity's accounting policies

(a) *Income taxes*

The Group is subject to income taxes in certain 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. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) *Impairment of the carrying amounts of long-lived assets*

The Group is required to evaluate at each reporting 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 recoverable amount is determined at the higher of fair value less costs to sell and value in use. 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") and the anticipated renewal of these 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).

At 31 December 2012 and 2011, there had been no indication that the carrying amounts of long-lived assets of the Group may have become impaired.

(c) *Provision for impairment loss of trade receivables*

Refer to credit risk in Note 3.1 (b) above for details.

5 SALES AND SEGMENT INFORMATION

(a) Sales:

The Group's sales are analysed as follows:

	2012 HK$'000	2011 HK$'000 (Restated)
Continuing operations		
Income from provision of satellite transponder capacity		
— recurring (Note)	1,717,922	1,539,610
— non-recurring	15,600	780
Sales of satellite transponder capacity	17,818	17,818
Other revenues	28,205	21,438
	1,779,545	1,579,646

Note: For the year ended 31 December 2012, a total amount of HK$311,233,000 (2011: Nil) was recorded as the additional revenue from certain customers following the enactment of the Finance Act in India in 2012, which imposes tax on the Group for certain Indian sourced revenues.

(b) Segment information:

The chief operating decision-maker has been identified as the President and Chief Executive Officer of the Group. The President and Chief Executive Officer reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the President and Chief Executive Officer, who considers the business from a product perspective. In other words, management assesses the performance based on a measure of profit after taxation of the businesses of operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunication.

On 21 September 2012, the Group disposed of its wholly-owned interest in SpeedCast Holdings Limited ("SpeedCast") and its subsidiaries, which were principally involved in the provision of broadband access services at a gain of approximately HK$119,221,000. The disposal group of companies was classified as "discontinued operations" during the year ended 31 December 2012. Refer to Note 26 for details.

In June 2012, the Group has also completed the disposal of its interest in the jointly controlled entities involving in the provision of Direct-to-Home satellite television service. This investment was fully impaired as at 31 December 2011 and no further losses were shared by the Group during the year. The disposal group of jointly controlled entities was classified as "discontinued operations" during the year ended 31 December 2012. Refer to Note 26 for details.

5 SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information: (continued)

Sales between segments are carried out at arm's length in a manner similar to transactions with third parties. The revenue from external parties reported to the President and Chief Executive Officer is measured in a manner consistent with the consolidated statement of comprehensive income.

The amounts provided to the President and Chief Executive Officer with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segments.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

An analysis of the Group's reportable segments is as follows:

	2012					
	Continuing operations	Discontinued operations				
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK$'000	Broadband access services HK$'000	Direct-to-home satellite television service HK$'000	Discontinued operations total HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Sales to external customers	1,444,758	182,010	–	182,010	–	1,626,768
Sales to related parties (Note 30)	229,931	–	–	–	–	229,931
Inter-segment sales	76,651	583	–	583	(77,234)	–
Other revenues	28,205	–	–	–	–	28,205
Total	1,779,545	182,593	–	182,593	(77,234)	1,884,904
Operating profit	1,215,010	15,030	–	15,030	–	1,230,040
Finance costs	(3,654)	(4)	–	(4)	–	(3,658)
Gain on disposal of subsidiaries	–	119,221	–	119,221	–	119,221
Profit before income tax	1,211,356	134,247	–	134,247	–	1,345,603
Income tax expense	(431,231)	–	–	–	–	(431,231)
Profit for the year	780,125	134,247	–	134,247	–	914,372
Depreciation	345,459	9,811	–	9,811	–	355,270
Interest income	28,700	1	–	1	–	28,701
Capital expenditure	1,742,770	–	–	–	–	1,742,770
Total assets	8,662,812	–	–	–	–	8,662,812
Total liabilities	1,123,453	–	–	–	–	1,123,453

5 SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information: (continued)

	2011					
	Continuing operations	Discontinued operations				
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK$'000	Broadband access services HK$'000	Direct-to-home satellite television service HK$'000	Discontinued operations total HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Sales to external customers	1,233,401	239,199	–	239,199	–	1,472,600
Sales to related parties (Note 30)	224,213	–	–	–	–	224,213
Inter-segment sales	100,594	808	–	808	(101,402)	–
Other revenues	21,438	–	–	–	–	21,438
Total	1,579,646	240,007	–	240,007	(101,402)	1,718,251
Operating profit	1,018,578	26,429	–	26,429	–	1,045,007
Finance costs	(7,083)	(6)	–	(6)	–	(7,089)
Share of losses of jointly controlled entities	–	–	(82,678)	(82,678)	–	(82,678)
Provision for impairment loss on loan to a jointly controlled entity	–	–	(22,816)	(22,816)	–	(22,816)
Profit/(loss) before income tax	1,011,495	26,423	(105,494)	(79,071)	–	932,424
Income tax expense	(109,856)	–	–	–	–	(109,856)
Profit/(loss) for the year	901,639	26,423	(105,494)	(79,071)	–	822,568
Depreciation	332,971	11,610	–	11,610	–	344,581
Interest income	45,839	1	–	1	–	45,840
Capital expenditure	1,023,267	19,223	–	19,223	–	1,042,490
Total assets	7,453,303	122,498	–	122,498	(15,178)	7,560,623
Total liabilities	854,995	43,940	–	43,940	(15,178)	883,757

The Group is domiciled in Hong Kong. From continuing operations, the sales to customers in Hong Kong and Greater China for the year ended 31 December 2012 are HK$508,048,000 (2011: HK$325,326,000) and HK$258,623,000 (2011: HK$230,039,000) respectively, and the total sales to customers in other countries is HK$1,012,874,000 (2011: HK$1,024,281,000).

5 SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information: (continued)

For the purpose of classification, the country where the customer (both external customer and related party) 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 has been presented.

For the year ended 31 December 2012, sales of approximately HK$405,515,000 (2011: HK$200,944,000) are derived from a single external customer. These sales are attributable to the provision of satellite telecommunication systems for broadcasting and telecommunication.

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:

	2012	2011
	HK$'000	HK$'000
In Hong Kong held on:		
Leases of between 10 to 50 years	**20,117**	20,700
At 1 January	**20,700**	21,283
Amortisation of prepaid operating lease payments (Note 18)	**(583)**	(583)
At 31 December	**20,117**	20,700

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 2011									
Cost	6,134,009	949,583	122,546	18,953	20,204	5,208	74,658	1,222	7,326,383
Accumulated depreciation	(3,179,457)	–	(33,875)	(16,458)	(17,998)	(3,133)	(44,120)	(1,219)	(3,296,260)
Net book amount	2,954,552	949,583	88,671	2,495	2,206	2,075	30,538	3	4,030,123
Year ended 31 December 2011									
Opening net book amount	2,954,552	949,583	88,671	2,495	2,206	2,075	30,538	3	4,030,123
Additions	11,651	972,306	140	1,778	876	1,483	54,256	–	1,042,490
Transfer between categories	4,589	(4,589)	–	–	–	–	–	–	–
Disposals (Note 25)	(14)	–	–	(25)	(16)	(524)	(986)	–	(1,565)
Depreciation	(325,156)	–	(4,908)	(2,269)	(1,373)	(943)	(9,930)	(2)	(344,581)
Closing net book amount	2,645,622	1,917,300	83,903	1,979	1,693	2,091	73,878	1	4,726,467
At 31 December 2011									
Cost	6,150,218	1,917,300	122,686	20,163	19,409	4,456	126,619	1,220	8,362,071
Accumulated depreciation	(3,504,596)	–	(38,783)	(18,184)	(17,716)	(2,365)	(52,741)	(1,219)	(3,635,604)
Net book amount	2,645,622	1,917,300	83,903	1,979	1,693	2,091	73,878	1	4,726,467
Year ended 31 December 2012									
Opening net book amount	2,645,622	1,917,300	83,903	1,979	1,693	2,091	73,878	1	4,726,467
Additions	16,755	1,705,009	485	178	946	–	19,397	–	1,742,770
Transfer between categories	–	(41,896)	41,896	–	–	–	–	–	–
Disposal of subsidiaries (Note 26)	(190)	–	–	(902)	(509)	–	(46,335)	–	(47,936)
Disposals (Note 25)	–	–	–	(1)	(6)	–	(1,363)	–	(1,370)
Depreciation	(327,535)	–	(5,895)	(844)	(960)	(807)	(19,228)	(1)	(355,270)
Closing net book amount	2,334,652	3,580,413	120,389	410	1,164	1,284	26,349	–	6,064,661
At 31 December 2012									
Cost	**5,019,819**	**3,580,413**	**165,067**	**13,735**	**3,908**	**3,727**	**36,889**	**706**	**8,824,264**
Accumulated depreciation	**(2,685,167)**	**–**	**(44,678)**	**(13,325)**	**(2,744)**	**(2,443)**	**(10,540)**	**(706)**	**(2,759,603)**
Net book amount	**2,334,652**	**3,580,413**	**120,389**	**410**	**1,164**	**1,284**	**26,349**	**–**	**6,064,661**

Depreciation expense of HK$355,270,000 (2011: HK$344,581,000) has been charged in cost of services.

During the year ended 31 December 2011, additions to teleport and hub equipment of HK$36,889,000 was purchased from a jointly controlled entity.

8 GOODWILL — GROUP

	2012 HK$'000	2011 HK$'000
Cost		
At 1 January	**38,675**	38,675
Disposal of subsidiaries (Note 26)	**(38,675)**	–
At 31 December	**–**	38,675

9 INVESTMENTS IN SUBSIDIARIES

	Company	
	2012 HK$'000	2011 HK$'000
Unlisted shares in subsidiaries, at cost	**429,054**	429,054
Investment in Share Award Trust (Note b)	**16,256**	15,154
	445,310	444,208

At 31 December 2012, the amount due from a subsidiary of HK$36,948,000 (2011: HK$40,473,000), denominated in Hong Kong Dollars, has no fixed terms of repayment and is unsecured and interest-free.

(a) Particulars of subsidiaries

The following is the list of the principal subsidiaries at 31 December 2012:

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 2012	Interest held 2011
AsiaSat BVI Limited #	British Virgin Islands, limited liability company	Investment holding in Hong Kong	3,000 ordinary shares of US$1 each	**100%**	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%**	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.

^ During the year, the Group has disposed of SpeedCast and its subsidiaries at a consideration of USD32,240,000 (or approximately HK$251,479,000). For details please refer to Note 26.

9 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Controlled special purpose entity

The Company has set up a trust, Asia Satellite Share Award Trust (the "Trust"), for the purpose of administering the Share Award Scheme established by the Company during 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

10 INVENTORIES — GROUP

	2012 HK$'000	2011 HK$'000
Merchandise	–	5,467
Provision for impairment	–	(98)
	–	5,369

The cost of inventories recognised as expense and included in cost of services amounted to HK$6,814,000 (2011: HK$9,517,000) for the discontinued operations.

11 TRADE AND OTHER RECEIVABLES — GROUP

	2012 HK$'000	2011 HK$'000
Trade receivables	**294,186**	264,453
Trade receivables from related parties (Note 30(d))	**130,373**	90,618
Less: provision for impairment of trade receivables	**(41,954)**	(63,046)
Trade receivables — net	**382,605**	292,025
Other receivables	**7,281**	40,030
Other receivables from related parties (Note 30(d))	**–**	4,604
Deposits and prepayments	**23,013**	31,959
	412,899	368,618

The carrying amounts of trade and other receivables approximate their fair values.

A majority of the trade and other receivables are denominated in Hong Kong Dollars, United States Dollars and RMB and the foreign exchange risk thereon are discussed in Note 3.1(a).

The Group generally bills its trade customers monthly or quarterly in advance in accordance with its agreements. The ageing analysis of trade receivables according to the due date is stated as follows:

	2012 HK$'000	2011 HK$'000
Not yet due	**211,845**	65,387
0 to 30 days	**67,334**	52,815
31 to 60 days	**33,253**	42,297
61 to 90 days	**24,712**	30,492
91 to 180 days	**33,325**	84,020
181 days or above	**54,090**	80,060
	424,559	355,071

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.

11 TRADE AND OTHER RECEIVABLES — GROUP (CONTINUED)

As of 31 December 2012, trade receivables of HK$41,954,000 (2011: HK$63,046,000) were impaired and fully provided for. The impaired receivables mainly relate to customers' failure to make payment for more than six months. The ageing of these receivables is as follows:

	2012 HK$'000	2011 HK$'000
Not yet due	124	3,204
0 to 30 days	1,561	5,108
31 to 60 days	836	3,681
61 to 90 days	341	11,531
91 to 180 days	11,205	9,146
181 days or above	27,887	30,376
	41,954	63,046

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

	2012 HK$'000	2011 HK$'000
At 1 January	63,046	25,908
Provision for impairment of receivables, net	1,445	37,340
Amounts written off	(21,556)	(202)
Disposal of subsidiaries	(981)	–
At 31 December	41,954	63,046

The creation and release of provision for impaired receivables have been included in administrative expenses in the consolidated statement of comprehensive income. Amounts charged to the allowance accounts are generally written off when there is no expectation of recovery of additional cash.

11 TRADE AND OTHER RECEIVABLES — GROUP (CONTINUED)

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

	2012 HK$'000	2011 HK$'000
Not yet due	**211,721**	62,183
0 to 30 days	**65,773**	47,707
31 to 60 days	**32,417**	38,616
61 to 90 days	**24,371**	18,961
91 to 180 days	**22,120**	74,874
181 days or above	**26,203**	49,684
	382,605	292,025

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 maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

12 CASH AND BANK BALANCES — GROUP

	2012 HK$'000	2011 HK$'000
Cash at bank and on hand	**41,376**	84,851
Short-term bank deposits		
— mature within 3 months	**747,654**	2,181,633
— mature more than 3 months	**1,315,910**	–
	2,104,940	2,266,484

The effective interest rate on short-term bank deposits and time deposits was 1.3% (2011: 1.2%); these deposits have an average maturity of 52 days (2011: 47 days).

12 CASH AND BANK BALANCES — GROUP (CONTINUED)

Cash and bank balances include the following for the purposes of the consolidated statement of cash flows:

	2012	2011
	HK$'000	HK$'000
Cash at bank and on hand	**41,376**	84,851
Short-term bank deposits		
— mature within 3 months	**747,654**	2,181,633
Cash and cash equivalents	**789,030**	2,266,484

13 SHARE CAPITAL

	2012		2011	
	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 31 December	**391,196**	**39,120**	391,196	39,120

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") are 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 the Trust for the purpose of administering the Scheme and holding the Award Shares before they vest (Note 9(b)). The Company pays cash to the Trust from time to time for the purchase of Award Shares.

13 SHARE CAPITAL (CONTINUED)

Share Award Scheme (continued)

Scheme adopted on 22 August 2007 (continued)

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 has determined 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 565,089 shares (2011: 557,759 shares) have been awarded to executive directors and employees at no consideration. A total of 608,611 shares (2011: 1,075,507 shares) at a cost of HK$13,579,000 (2011: HK$12,831,000) were vested during the year.

The number of shares awarded to and vested in the executive directors was 78,562 shares (2011: 77,080 shares) and 73,545 shares (2011: 537,845 shares) respectively for the year ended 31 December 2012.

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

	2012		2011	
	Average fair value per share	Number of Award Shares	Average fair value per share	Number of Award Shares
At 1 January		2,134,131		2,651,879
Awarded	20.60	565,089	18.00	557,759
Vested	22.32	(608,611)	11.93	(1,075,507)
At 31 December		2,090,609		2,134,131

Movement in the number of shares held under Share Award Scheme is as follows:

	2012		2011	
	Value HK$'000	Number of shares held	Value HK$'000	Number of shares held
At 1 January	1,060	64,637	12,891	1,080,144
Purchase during the year	14,231	617,700	1,000	60,000
Shares vested during the year	(13,579)	(608,611)	(12,831)	(1,075,507)
At 31 December	1,712	73,726	1,060	64,637

The remaining vesting periods of the Award Shares outstanding as at 31 December 2012 are between 0.5 year to 4.5 years.

Notes to the Consolidated Financial Statements

14 RESERVES

(a) Group

	Share premium	Share-based payment reserve	Shares held under Share Award Scheme	Retained earnings	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2011	17,866	10,657	(12,891)	5,988,504	6,004,136
Share-based payment	–	17,628	–	–	17,628
Purchase of shares under Share Award Scheme	–	–	(1,000)	–	(1,000)
Shares vested under Share Award Scheme	–	(12,831)	12,831	–	–
Profit for the year	–	–	–	822,685	822,685
Final dividend relating to 2010	–	–	–	(176,038)	(176,038)
Interim dividend relating to 2011	–	–	–	(31,296)	(31,296)
Dividend for shares held by Share Award Trust	–	–	–	491	491
At 31 December 2011	17,866	15,454	(1,060)	6,604,346	6,636,606
At 1 January 2012	**17,866**	**15,454**	**(1,060)**	**6,604,346**	**6,636,606**
Share-based payment	**–**	**9,278**	**–**	**–**	**9,278**
Purchase of shares under Share Award Scheme	**–**	**–**	**(14,231)**	**–**	**(14,231)**
Shares vested under Share Award Scheme	**–**	**(13,579)**	**13,579**	**–**	**–**
Transfer to share-based payment reserve	**–**	**2,983**	**–**	**(2,983)**	**–**
Profit for the year	**–**	**–**	**–**	**914,491**	**914,491**
Interim dividend relating to 2012	**–**	**–**	**–**	**(46,943)**	**(46,943)**
Dividend for shares held by Share Award Trust	**–**	**–**	**–**	**17**	**17**
At 31 December 2012	**17,866**	**14,136**	**(1,712)**	**7,468,928**	**7,499,218**

14 RESERVES (CONTINUED)

(b) Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2011	17,866	10,657	390,055	14,433	433,011
Share-based payment	–	17,628	–	–	17,628
Shares vested under Share Award Scheme	–	(12,831)	–	–	(12,831)
Final dividend relating to 2010	–	–	–	(176,038)	(176,038)
Interim dividend relating to 2011	–	–	–	(31,296)	(31,296)
Profit for the year	–	–	–	210,374	210,374
At 31 December 2011	17,866	15,454	390,055	17,473	440,848
At 1 January 2012	**17,866**	**15,454**	**390,055**	**17,473**	**440,848**
Share-based payment	**–**	**9,278**	**–**	**–**	**9,278**
Shares vested under Share Award Scheme	**–**	**(13,579)**	**–**	**–**	**(13,579)**
Interim dividend relating to 2012	**–**	**–**	**–**	**(46,943)**	**(46,943)**
Transfer-in	**–**	**2,983**	**–**	**–**	**2,983**
Profit for the year	**–**	**–**	**–**	**46,189**	**46,189**
At 31 December 2012	**17,866**	**14,136**	**390,055**	**16,719**	**438,776**

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.

14 RESERVES (CONTINUED)

(b) Company (continued)

In the opinion of the Directors, as at 31 December 2012, the Company's total reserves available for distribution amounted to HK$420,910,000 (2011: HK$422,982,000) and it consisted of the share-based payment reserve of HK$14,136,000 (2011: HK$15,454,000), contributed surplus of HK$390,055,000 (2011: HK$390,055,000) and retained earnings of HK$16,719,000 (2011: HK$17,473,000).

On 14 March 2013, the directors of AsiaSat BVI Limited, a wholly-owned subsidiary of the Company, have confirmed their intention to propose and approve the payment of a dividend of HK$704,152,000 to the Company on or prior to 19 June 2013. Accordingly, the Company's total reserves available for distribution will be increased by HK$704,152,000. On the same day, the Board of Directors of the Company has proposed the payment of final and special dividends of HK$704,152,000 which is subject to the approval by the shareholders at the Annual General Meeting on 19 June 2013.

15 DEFERRED REVENUE — GROUP

	2012 HK$'000	2011 HK$'000
The maturity of deferred revenue is as follows:		
Within one year	**216,985**	232,927
More than one year	**72,194**	90,011
	289,179	322,938

16 DEFERRED INCOME TAX LIABILITIES — GROUP

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

	2012 HK$'000	2011 HK$'000
At 1 January	**287,596**	255,718
Recognised in the consolidated statement of comprehensive income (Note 21)	**65,323**	31,878
At 31 December	**352,919**	287,596

16 DEFERRED INCOME TAX LIABILITIES — GROUP (CONTINUED)

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

	Accelerated tax depreciation HK$'000	Share-based payment reserve HK$'000	Total HK$'000
At 1 January 2011	256,597	(879)	255,718
Recognised in the consolidated statement of comprehensive income	32,274	(396)	31,878
At 31 December 2011	288,871	(1,275)	287,596
Recognised in the consolidated statement of comprehensive income	65,214	109	65,323
At 31 December 2012	**354,085**	**(1,166)**	**352,919**

Deferred income tax assets are recognised for tax credits carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has no unrecognised deferred income tax assets (2011: HK$15,197,000 in respect of losses amounting to HK$92,106,000 from a subsidiary which was disposed during 2012).

17 OTHER GAINS — NET

	2012 HK$'000	2011 HK$'000 (Restated)
Interest income	**28,700**	45,839
Net gain on disposals of property, plant and equipment	**155**	698
	28,855	46,537

18 EXPENSES BY NATURE

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

	2012 HK$'000	2011 HK$'000 (Restated)
Auditor's remuneration	1,438	1,285
Write off of trade receivables	–	257
Provision for impairment of trade receivables	1,445	36,673
Depreciation of property, plant and equipment	345,459	332,971
Employee benefit expense (Note 19)	134,367	131,562
Operating leases		
— Office premises	8,599	7,944
— Leasehold land and land use rights (Note 6)	583	583
Net exchange (gain)/loss	(1,849)	1,725
Marketing and promotions expense	9,378	9,473
Satellite operations	7,806	7,491

19 EMPLOYEE BENEFIT EXPENSE

	2012 HK$'000	2011 HK$'000 (Restated)
Salary and other benefits, including directors' remuneration	117,457	108,116
Share-based payment	9,278	17,628
Pension costs — defined contribution plans	7,632	5,818
Total staff costs	134,367	131,562

	2012	2011
Number of employees	124	126

19 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Pensions — defined contribution plans

Forfeited contributions totaling HK$236,000 (2011: HK$244,000) were fully utilised during the year, leaving no available balance at the year end to reduce future contributions.

There was no outstanding balance of contribution payable to the fund at both 31 December 2012 and 31 December 2011.

(b) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2012 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
Peter JACKSON (d)&(e)	98	–	–	–	–	–	98
MI Zeng Xin (e)	108	–	–	–	–	–	108
JU Wei Min (e)	192	–	–	–	–	–	192
LUO Ning (e)	100	–	–	–	–	–	100
GUAN Yi (c) & (e)	2	–	–	–	–	–	2
Sherwood P. DODGE (f)	200	–	–	–	–	–	200
John F. CONNELLY (f)	150	–	–	–	–	–	150
Nancy KU (f)	100	–	–	–	–	–	100
Mark CHEN (f)	100	–	–	–	–	–	100
Edward CHEN	366	–	–	–	–	–	366
Robert SZE	394	–	–	–	–	–	394
James WATKINS	366	–	–	–	–	–	366
William WADE	–	5,287	2,115	465	777	1,176	9,820
Chong Chi Yeung (d)	–	–	–	–	–	–	–
Total	2,176	5,287	2,115	465	777	1,176	11,996

19 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' emoluments (continued)

The remuneration of every Director for the year ended 31 December 2011 is set out below:

Name of Director	Fees	Salary	Performance related bonuses	Other benefits (a)	Employer's contribution to pension scheme	Share-based payment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Peter JACKSON (b)	–	1,819	1,157	1,123	273	1,615	5,987
MI Zeng Xin (e)	200	–	–	–	–	–	200
JU Wei Min (e)	100	–	–	–	–	–	100
LUO Ning (e)	100	–	–	–	–	–	100
GUAN Yi (c) & (e)	100	–	–	–	–	–	100
Sherwood P. DODGE (f)	200	–	–	–	–	–	200
John F. CONNELLY (f)	150	–	–	–	–	–	150
Nancy KU (f)	100	–	–	–	–	–	100
Mark CHEN (f)	100	–	–	–	–	–	100
Edward CHEN	325	–	–	–	–	–	325
Robert SZE	350	–	–	–	–	–	350
James WATKINS	325	–	–	–	–	–	325
William WADE	–	3,432	2,183	1,713	515	939	8,782
Total	2,050	5,251	3,340	2,836	788	2,554	16,819

Notes:

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

(b) Resigned on 31 July 2011.

(c) Resigned on 9 January 2012.

(d) Appointed on 9 January 2012.

(e) Paid to a subsidiary of CITIC.

(f) Paid to a subsidiary of GE.

19 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2011: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2011: three) individuals during the year are as follows:

	2012	2011
	HK$'000	HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**14,168**	9,615
Employer's contribution to pension scheme	**1,533**	769
Performance related bonuses	**5,000**	3,924
Share-based payment	**2,706**	2,116
	23,407	16,424

The emoluments fell within the following bands:

	Number of individuals	
	2012	2011
Emolument bands		
HK$4,500,001 — HK$5,000,000	**–**	1
HK$5,000,001 — HK$5,500,000	**1**	1
HK$5,500,001 — HK$6,000,000	**2**	–
HK$6,000,001 — HK$6,500,000	**–**	1
HK$6,500,001 — HK$7,000,000	**1**	–
	4	3

20 FINANCE COSTS

	2012 HK$'000	2011 HK$'000 (Restated)
Interest expense:		
— Other finance costs	3,654	–
— asset retirement obligations	–	39
— net impact of discounting of loan to the jointly controlled entity	–	7,044
	3,654	7,083

21 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% (2011: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation, that range from 7% to 42.23% (2011: 7% to 42.23%), prevailing in the countries in which the profit is earned.

	2012 HK$'000	2011 HK$'000 (Restated)
Current income tax		
— Hong Kong profits tax	9,880	56,407
— Overseas taxation	356,028	21,571
Total current tax	365,908	77,978
Deferred income tax (Note 16)	65,323	31,878
Income tax expense	431,231	109,856

21 INCOME TAX EXPENSE (CONTINUED)

The Group has been in dispute with the Indian tax authority ("IR") in respect of revenues earned from provision of satellite transponder capacity. The Group has been assessed for tax by the IR on revenues received for the provision of satellite transponder capacity to certain customers for purposes of those customers carrying on business in India or earning income from any source in India. Details were set out in Note 31 to the annual financial statements for the year ended 31 December 2011.

In May 2012, the Finance Bill was passed by the Indian Parliament and certain amendments were enacted with retrospective effect. Under the Indian Income Tax Act (as amended by the Finance Act), revenues received from the provision of satellite transponder capacity to customers which carry on business in India or earn income from any source in India ("Indian sourced") is chargeable to tax in India subject to the judicial interpretation of the amended provision by the Courts in India. As the Finance Act introduced certain amendments with retrospective effect, this may have significant unfavourable consequences to the Group's tax proceedings in the Indian Courts in respect of which orders in favour of the Group had been granted in the past. The amount of the Group's revenues that is deemed to be Indian sourced is yet to be decided by the Indian Courts and is therefore the exact tax consequences are still uncertain.

Based on the latest advice received by the Group from the Group's advisers in India, the Group has recorded a provision of HK$412 million as of 31 December 2012 reflecting an appropriately conservative view based on the historical information currently available. Management intends to rigorously defend the Group's position in this regard in the ongoing tax proceedings in the Indian Courts.

The Group has certain overseas tax provisions made in prior years in relation to its withholding obligations. Management considers the likelihood for certain part of these liabilities are remote and therefore a reversal of HK$73 million has been made during the current year.

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 entities as follows:

	2012 **HK$'000**	2011 HK$'000 (Restated)
Profit before income tax	**1,211,356**	1,011,495
Tax calculated at tax rate of 16.5% (2011: 16.5%)	**199,874**	166,897
Tax effect of income not subject to income tax	**(164,527)**	(136,093)
Tax effect of expenses not deductible for tax purposes	**39,877**	57,485
Effect of income tax rate differential between Hong Kong and overseas locations	**356,007**	21,567
Tax expense	**431,231**	109,856

The effective tax rate of the Group was 35.6% (2011: 10.9%).

22 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK$46,189,000 (2011: HK$210,374,000).

23 EARNINGS PER SHARE

Basic

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

	2012 HK$'000	2011 HK$'000 (Restated)
Profit attributable to owners of the Company	914,491	822,685
Less:		
Profit/(loss) from discontinued operations attributable to owners of the Company	134,247	(79,071)
Earnings for the purpose of basic earnings per share from continuing operations	780,244	901,756

	2012	2011
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	391,128	390,503
Basic earnings/(losses) per share (HK$)		
— Continuing operations	2.00	2.31
— Discontinued operations	0.34	(0.20)
	2.34	2.11

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

23 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 restricted shares under the Share Award Scheme which would have dilutive effect. 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 outstanding restricted shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the restricted shares being fully vested.

	2012 HK$'000	2011 HK$'000 (Restated)
Profit attributable to the owners of the Company	914,491	822,685
Less:		
Profit/(loss) from discontinued operations attributable to owners of the Company	134,247	(79,071)
Earnings for the purpose of diluted earnings per share from continuing operations	780,244	901,756

	2012	2011
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	391,128	390,503
Effect of Award Shares (in thousands)	682	1,125
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	391,810	391,628
Diluted earnings/(loss) per share (HK$)		
— Continuing operations	1.99	2.30
— Discontinued operations	0.34	(0.20)
	2.33	2.10

24 DIVIDENDS

The dividends paid in 2012 and 2011 were HK$46,926,000 (HK$0.12 per share) and HK$206,843,000 (HK$0.53 per share) respectively. The directors recommend the payment of a final dividend of HK$0.80 per share (2011: Nil) and a special dividend of HK$1.00 (2011: Nil) per share, totaling HK$1.80 per share. Such dividends are to be approved by the shareholders at the Annual General Meeting on 19 June 2013. These financial statements do not reflect these dividends payable.

	2012	2011
	HK$'000	HK$'000
Interim dividend paid of HK$0.12 (2011: HK$0.08) per ordinary share	**46,943**	31,296
Proposed final dividend of HK$0.80 (2011: HK$Nil) per ordinary share	**312,956**	–
Proposed special dividend of HK$1.00 (2011: HK$Nil) per ordinary share	**391,196**	–
	751,095	31,296

The aggregate amounts of the dividends paid and proposed during 2012 and 2011 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

25 CASH GENERATED FROM THE OPERATIONS

The reconciliation of profit for the year to cash generated from operations is as follows:

	2012 HK$'000	2011 HK$'000
Profit/(Loss) for the year before income tax:		
From continuing operations	1,211,356	1,011,495
From discontinued operations	134,247	(79,071)
	1,345,603	932,424
Adjustments for:		
— Write off of trade receivables	–	257
— Provision for impairment		
— Trade receivables	1,445	37,340
— Inventories	–	98
— Share-based payment (Note 19)	9,278	17,628
— Amortisation of prepaid operating lease payments (Note 6)	583	583
— Depreciation (Note 7)	355,270	344,581
— Net gain on disposals of property, plant and equipment (see below)	(128)	(698)
— Gain on disposal of subsidiaries (Note 26)	(119,221)	–
— Interest income	(28,701)	(45,840)
— Finance costs	3,658	7,089
— Share of losses of jointly controlled entities	–	82,678
— Provision for impairment on loan to a jointly controlled entity	–	22,816
Changes in working capital:		
— Unbilled receivables	52,496	23,338
— Amount received from tax authority	–	183,498
— Inventories	(2,039)	(1,035)
— Trade and other receivables	(74,305)	(171,318)
— Loan to a jointly controlled entity	–	(35,100)
— Other amounts received in advance	(35,887)	(121,788)
— Other payables and accrued expenses	15,270	4,609
— Deferred revenue	(33,333)	(66,656)
Cash flows from the operations	1,489,989	1,214,504

25 CASH GENERATED FROM THE OPERATIONS (CONTINUED)

In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2012	2011
	HK$'000	HK$'000
Net book amount of disposals (Note 7)	**1,370**	1,565
Net gain on disposals	**128**	698
Proceeds from disposals of property, plant and equipment	**1,498**	2,263

Non-cash transactions

In 2011, there were HK$36,889,000 non-cash transactions with respect to the purchase of property, plant and equipment from a jointly controlled entity settled by way of offsetting with the loan due to the Group.

26 DISCONTINUED OPERATIONS

During the year, the Group has disposed of the following interests in subsidiaries and jointly controlled entities. The results are presented in the consolidated statement of comprehensive income as discontinued operations. Comparative figures have been restated.

(i) On 21 September 2012, the Group disposed of its wholly-owned interest in SpeedCast and its subsidiaries which were principally involved in the provision of broadband access services at a cash consideration of USD32,240,000 (or approximately HK$251,479,000) to independent third party, resulting in a gain on disposal of approximately HK$119,221,000.

(ii) On 29 June 2012, the Group completed the disposal of its interest in jointly controlled entities, DISH-HD Asia Satellite and its subsidiaries, providing direct-to-home satellite television services to an independent third party. The interest in the jointly controlled entities was fully impaired as at 31 December 2011. For the year 2012, the Group did not take up any additional share of losses of DISH-HD Asia Satellite as the accumulated share of losses has exceeded the Group's interest in the jointly controlled entity and the Group does not have an obligation to fund further losses. The disposal did not result in any gain or loss.

26 DISCONTINUED OPERATIONS (CONTINUED)

Results of the discontinued operations

The combined results of the discontinued operations (i.e broadband access services and direct-to-home satellite television service) are set out below:

	Year ended 31 December	
	2012	2011
	HK$'000	HK$'000
Sales	182,593	240,007
Cost of services	(122,256)	(156,740)
Gross profit	60,337	83,267
Administrative expenses	(45,281)	(56,838)
Other (losses)/gains — net	(26)	1
Operating profit	15,030	26,430
Finance costs	(4)	(7)
Share of losses of jointly controlled entities	–	(82,678)
Provision for impairment loss on loan to a jointly controlled entity	–	(22,816)
Profit/(loss) before income tax	15,026	(79,071)
Income tax expense	–	–
Profit/(loss) after income tax	15,026	(79,071)
Gain on disposal of subsidiaries	119,221	–
Profit/(loss) for the year from discontinued operations	134,247	(79,071)

26 DISCONTINUED OPERATIONS (CONTINUED)

Results of the discontinued operations (continued)

The major classes of assets and liabilities of the disposal groups are as follows:

	Year ended 31 December 2012 HK$'000
Net assets and gain on discontinued operations disposed	
Property , plant and equipment	47,936
Inventories	7,407
Trade and other receivables	40,652
Cash and bank balances	58,680
Other payables and accrued expenses	(36,808)
Amount due to immediate holding company	(24,284)
	93,583
Goodwill	38,675
Net assets of discontinued operations disposed	132,258
Cash consideration	251,479
Gain on disposal	119,221

	2012 HK$'000
Total consideration in relation to the disposal, fully paid by cash during the year	

An analysis of the cash flows in respect of the disposal groups is as follows:

Cash consideration	251,479
Cash and bank balances	(58,680)
Net inflow of cash and cash equivalents included in cash flows from investing activities	192,799

26 DISCONTINUED OPERATIONS (CONTINUED)

Cash flows from discontinued operations

	2012 HK$'000	2011 HK$'000
Net cash from operating activities	**23,812**	35,817
Net cash used in investing activities	**(18,174)**	(18,256)
Net cash used in financing activities	**(14)**	(8)
Net cash flows	**5,624**	17,553

27 FINANCIAL INSTRUMENTS BY CATEGORY

Group

	Loans and receivables	
	2012 HK$'000	2011 HK$'000
Assets as per consolidated statement of financial position		
Trade and other receivables excluding prepayments	**399,113**	348,065
Cash and bank balances (Note 12)	**2,104,940**	2,266,484
Total	**2,504,053**	2,614,549

	Financial liabilities at amortised cost	
	2012 HK$'000	2011 HK$'000
Liabilities as per consolidated statement of financial position		
Construction payables	**110,901**	36,064
Other payables and accrued expenses — current	**70,557**	100,506
Other payables — non-current	**1,950**	2,150
Total	**183,408**	138,720

27 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Company

	Loans and receivables	
	2012	2011
	HK$'000	HK$'000
Assets as per statement of financial position		
Amount due from a subsidiary	**36,948**	40,473

	Financial liabilities at amortised cost	
	2012	2011
	HK$'000	HK$'000
Liabilities as per statement of financial position		
Other payables and accrued expenses	**4,925**	4,836

28 CONTINGENCIES

Saved as disclosed in other notes to the consolidated financial statements, there have been no other contingencies to the consolidated financial statements.

29 COMMITMENTS — GROUP

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2012 HK$'000	2011 HK$'000
AsiaSat 7		
Contracted but not provided for	–	76,703
Authorised but not contracted	–	9,478
AsiaSat 6		
Contracted but not provided for	580,663	851,424
AsiaSat 8		
Contracted but not provided for	637,463	881,174
Launch services for new satellites		
Contracted but not provided for	571,740	–
Authorised but not contracted	–	889,200
Other assets		
Contracted but not provided for	13,081	36,940
	1,802,947	2,744,919

Operating lease commitments — Group company as lessee

The Group leases certain of its office and residential premises under non-cancellable operating lease agreements. The lease terms are between 2 to 4 years, and the majority of lease arrangements are renewable at the end of the lease period at market rate. The lease expenditure charged to the consolidated statement of comprehensive income during the year is disclosed in Note 18.

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

	2012 HK$'000	2011 HK$'000
Not later than 1 year	7,513	10,017
Later than 1 year and not later than 5 years	3,624	13,781
	11,137	23,798

29 COMMITMENTS — GROUP (CONTINUED)

Operating lease commitments — Group company as lessor

The Group leases its premises to certain customers under non-cancellable operating leases. The lease terms are between 1 to 4 years. The lease income recognised under 'other revenues' in the consolidated statement of comprehensive income during the year was HK$20,382,000 (2011: HK$13,797,000).

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

	2012 **HK$'000**	2011 HK$'000
Not later than 1 year	**18,298**	17,371
Later than 1 year and not later than 5 years	**17,194**	28,483
Later than 5 years	**1,128**	–
	36,620	45,854

30 RELATED PARTY TRANSACTIONS

At 31 December 2012, the Company was directly controlled by Bowenvale Limited (incorporated in the British Virgin Islands) with total shareholdings of 74.43%, and was indirectly owned by CITIC Group Corporation ("CITIC") (incorporated in China) and General Electric Company ("GE") (incorporated in the United States), which have equal voting rights in the Company. The remaining 25.57% of the Company's shares were held by the public.

On 29 June 2012, the Group completed the disposal of its interest in DISH-HD Asia Satellite and its subsidiaries, the jointly controlled entities, after obtaining the regulatory approval for this disposal. Power Star Limited, a subsidiary of DISH-HD Asia Satellite, was classified as a related party to the Group up to 29 June 2012.

The following transactions were carried out with related parties:

(a)(i) Income from provision of satellite transponder capacity

The Group has entered into a transponder master agreement with CITIC Networks Company Limited ("CITIC Networks", a wholly-owned subsidiary of CITIC) and CITIC Networks Company Limited, Beijing Satellite Telecommunications Branch ("CITICSat", the branch established and run by CITIC Networks), under which CITIC Networks and CITICSat granted the exclusive right to the Group to provide satellite transponder capacity for use by their customers. The agreement was expired on 22 October 2012 and renewed for another 3 years to 17 October 2015.

The Group has also entered into agreements for the provision of satellite transponder capacity to Power Star Limited, a subsidiary of DISH-HD Asia Satellite.

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(a)(i) Income from provision of satellite transponder capacity (Continued)

During the year, the Group recognised income from the related parties as follows:

	2012 HK$'000	2011 HK$'000
CITICSat	225,633	189,113
Power Star Limited	4,298	35,100
	229,931	224,213

(a)(ii) Income from broadcast support services

The Group has entered into an agreement for the provision of broadcast support services to Power Star Limited for the Direct-to-Home business.

	2012 HK$'000	2011 HK$'000
Power Star Limited	2,547	7,381

(b) Marketing expense

Pursuant to the transponder master agreement mentioned in (a)(i) above, CITICSat conducts marketing activities in China on behalf of the Group. In return, the Group reimburses the expenditure that CITICSat incurs plus a marketing fee, which is collectively known as the marketing expense payable to CITICSat.

	2012 HK$'000	2011 HK$'000
CITICSat	7,269	1,251

In 2011, a refund of HK$6,982,000 was received from the relevant tax authority for the overpayment of business tax in China for previous years.

(c) Key management compensation

	2012 HK$'000	2011 HK$'000
Salaries and other short-term employee benefits	35,842	39,126
Share-based payment	4,769	8,463
	40,611	47,589

30 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation (Continued)

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

	2012 HK$'000	2011 HK$'000
A subsidiary of CITIC	500	500
A subsidiary of GE	550	550
	1,050	1,050

(d) Year end balances arising from these transactions

	2012 HK$'000	2011 HK$'000
Trade receivables from related parties (Note 11):		
CITICSat (Note)	130,373	90,618
Other receivables from related parties (Note 11):		
CITICSat	–	3,317
Power Star Limited	–	1,287
	–	4,604
Payables to related parties:		
CITICSat	3,490	–
Deferred revenue in relation to related parties:		
CITICSat	79,091	66,702

The receivables from and payables to related parties have no fixed terms of repayment. The receivables and payables are unsecured in nature and bear no interest.

The above transactions were entered into on commercial terms determined and agreed by the Group and the relevant parties.

Note:

Pursuant to the transponder master agreement as mentioned in Note (a)(i) above in respect of the Group's provision of satellite transponder capacity for use by CITICSat's customers, the Group will bear any credit risk in connection with services provided to these customers. Accordingly, the Group will assess whether there is any objective evidence that the amounts ultimately due from these customers may be impaired at each year end. At 31 December 2012, a provision for impairment of HK$2,319,000 (2011: HK$3,000) was recorded and included within the provision as disclosed in Note 11.

31 EVENTS AFTER THE REPORTING PERIOD

There have been no other events subsequent to the year end which require adjustment or disclosures in the consolidated financial statements.

Financial Summary

	2008 HK$'000	2009 HK$'000	2010 HK$'000	2011 HK$'000	**2012** **HK$'000**
Results					
Sales					
From continuing operations	1,031,697	1,162,918	1,456,222	1,579,646	**1,779,545**
From discontinued operations	–	–	–	240,007	**182,593**
Elimination	–	–	–	(101,402)	**(77,234)**
Consolidated Total	1,031,697	1,162,918	1,456,222	1,718,251	**1,884,904**
Profit before taxation	520,567	582,583	775,379	932,424	**1,345,603**
Taxation	(36,609)	(59,202)	(80,910)	(109,856)	**(431,231)**
Profit after taxation	483,958	523,381	694,469	822,568	**914,372**
Non-controlling interests	929	1,834	121	117	**119**
Profits attributable to owners	484,887	525,215	694,590	822,685	**914,491**
Earnings per share:					
Basic	HK$1.24	HK$1.35	HK$1.78	HK$2.11	**HK$2.34**
Diluted	HK$1.24	HK$1.34	HK$1.78	HK$2.10	**HK$2.33**
Assets and liabilities					
Total assets	5,778,013	6,289,617	7,065,310	7,560,623	**8,662,812**
Total liabilities	(646,270)	(791,687)	(1,020,797)	(883,757)	**(1,123,453)**
Shareholders' equity	5,131,743	5,497,930	6,044,513	6,676,866	**7,539,359**

Independent Auditor's Report

羅兵咸永道

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 51 to 114, which comprise the consolidated and company statements of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view 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, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 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 about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

AUDITOR'S RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2012 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, 14 March 2013

Shareholder Information

EXPECTED TIMETABLE

Financial Year Ended 31 December 2012

Annual General Meeting	19 June 2013
Final Dividend Payable	8 July 2013

Financial Year Ending 31 December 2013

Interim Results announcement	August 2013
Interim dividend payable	November 2013
Annual Results announcement	March 2014
Annual Report published	April 2014
Annual General Meeting	June 2014
Final dividend payable	July 2014

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

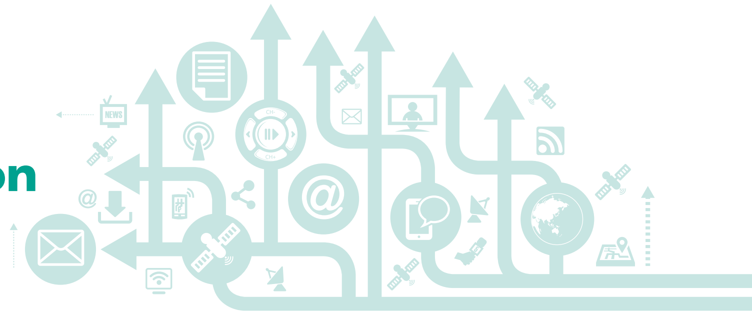
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

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.

LISTING

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

Shareholder Information



DIVIDEND

Subject to approval by shareholders at the forthcoming Annual General Meeting, the proposed final dividend and special dividend for the year ended 31 December 2012 will be payable on or about 8 July 2013.

ORDINARY SHARES

Shares outstanding as at 31 December 2012: 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
Reuters	1135.HK
Bloomberg	SAT

ANNUAL REPORT 2012

Copies of annual report 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 are available on line.

Shareholder Information

COMPANY CONTACT

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

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ASIA SATELLITE
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