

12. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2004	2003
	HK\$'000	HK\$'000
Unlisted shares in subsidiaries, at cost	429,054	429,053

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

Details of subsidiaries and a controlled partnership at 31st December, 2004 are as follows:

Name of subsidiary	Place of incorporation/ registration/ principal place of operation	Class of share held	Percentage of nominal value of issued capital held by the Company		Principal activity
			Directly	Indirectly	
AsiaSat BVI Limited	British Virgin Islands	Ordinary shares	100%	—	Investment holding
Asia Satellite Telecommunications Company Limited	Hong Kong	Ordinary shares	—	100%	Provision of satellite transponder capacity
Hanbury International Limited	British Virgin Islands	Ordinary shares	—	100%	Inactive
SAT Limited	Republic of Mauritius	Ordinary shares	100%	—	Inactive
Skywave TV Company Limited (formerly known as Auspicious City Limited)	Hong Kong	Ordinary shares	—	80%	Provision of DTH broadcasting services
Sornico Limited	Hong Kong	Ordinary shares	—	100%	Inactive
The First Asian Satellite Leasing Limited Partnership (the "Partnership")	Hong Kong	N/A	—	1%	Inactive

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

13. INTERESTS IN ASSOCIATES

	The Group	
	2004	2003
	HK\$'000	HK\$'000
Share of net assets	11,109	—
Goodwill (note a)	442	—
Amount due from an associate	1,846	—
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	13,397	—
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The Group had a 36.5% equity interest in SpeedCast Holdings Limited ("SHL") as at 31st December, 2001. The Group increased its equity interest in SHL to 45.3% in 2002 and further to 47.3% in 2004 by subscribing a rights issue. The purchase consideration of the 36.5% equity interest was HK\$97,500,000 while that of the additional 8.8% and 2.0% equity interest acquired in 2002 and 2004 was HK\$31,200,000 and HK\$11,700,000 respectively. The entire HK\$97,500,000 and a portion of HK\$31,200,000 (amounting to HK\$11,700,000) were paid in the form of satellite transponder capacity and maintenance and other support services to be provided under agreements (valued using prices with third parties with comparable terms and conditions). The Group recorded goodwill from such acquisitions of HK\$12,264,000, HK\$13,000,000 and HK\$662,000 respectively, for the excess of the purchase consideration over the fair value of the SHL net assets acquired. SHL consolidates the financial statements of SpeedCast Limited ("SpeedCast"), a wholly-owned subsidiary, and the Company's investment in SHL is accounted for using the equity method in the accompanying financial statements.

During the year, the Group contributed capital to Beijing Asia Sky Telecommunications Technology Company Limited ("Beijing Asia") and had a 49% equity interest in Beijing Asia as at 31st December, 2004. The Company's investment in Beijing Asia is accounted for using the equity method in the accompanying financial statements.

13. INTERESTS IN ASSOCIATES (CONTINUED)

Details of the Group's associates as at 31st December, 2004 are as follows:

Name of entity	Place of incorporation/ registration/ principal place of operation	Class of share held	Percentage of nominal value of issued capital indirectly held by the Company	Principal activity
Beijing Asia Sky Telecommunications Technology Company Limited	China	N/A	49.0%	Provision of VSAT technical and support services
SpeedCast Holdings Limited	Cayman Islands	Ordinary	47.3%	Investment holding
SpeedCast Limited	Hong Kong	Ordinary	47.3%	Provision of Internet related services through satellite transponders

(a) Included in interests in associates is goodwill arising on acquisition of associates:

	The Group HK\$'000
Cost	
At 1st January, 2004	25,264
Arising on acquisition during the year	662
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At 31st December, 2004	25,926
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Amortisation and impairment	
At 1st January, 2004	25,264
Charge for the year	220
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At 31st December, 2004	25,484
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Carrying value	
At 31st December, 2004	442
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At 31st December, 2003	—
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13. INTERESTS IN ASSOCIATES (CONTINUED)

The goodwill is amortised over a period of two years.

Amortisation charged in the current year amounting to HK\$220,000 (2003: HK\$6,500,000) has been included in the amount reported as share of results of associates in the consolidated income statement.

Amount due from an associate is unsecured, interest free and will not be repaid within one year.

14. LOAN RECEIVABLE FROM AN ASSOCIATE

The amount is secured, bearing interest at 6% per annum and is repayable as follows:

	The Group	
	2004	2003
	HK\$'000	HK\$'000
Within one year	5,070	3,510
More than one year but not exceeding two years	—	3,769
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	5,070	7,279
Less: amount shown under current assets	(5,070)	(3,510)
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	—	3,769
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15. AMOUNT PAID TO TAX AUTHORITY

At the balance sheet date, an amount of approximately HK\$67,023,000 (2003: HK\$24,487,000) had been paid to the Government of India. For details, please refer to note 28.

16. INVENTORIES

	The Group	
	2004	2003
	HK\$'000	HK\$'000
Merchandise	416	—
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At the balance sheet date, the carrying amount of inventories is carried at cost (2003: Nil).

17. TRADE AND OTHER RECEIVABLES

	The Group	
	2004	2003
	HK\$'000	HK\$'000
Trade receivables	72,708	68,118
Other receivables	22,474	12,361
Deposits and prepayments	37,226	38,538
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	132,408	119,017
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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 aged analysis of trade receivables is stated as follows:

	The Group	
	2004	2003
	HK\$'000	HK\$'000
0 to 30 days	34,047	32,130
31 to 60 days	18,318	9,438
61 to 90 days	11,424	7,443
91 to 180 days	3,796	11,652
181 days or above	5,123	7,455
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Total trade receivables	72,708	68,118
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18. OTHER LOAN RECEIVABLE

The loan is receivable from an independent third party. It is unsecured, bearing interest at 8% per annum and is wholly repayable within one year.

19. DEFERRED REVENUE

	The Group	
	2004	2003
	HK\$'000	HK\$'000
The maturity of deferred revenue is as follows:		
Within one year	175,043	156,448
More than one year but not exceeding five years	111,844	122,928
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	286,887	279,376
Less: amount shown as current	(175,043)	(156,448)
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	111,844	122,928
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20. SHARE CAPITAL

	Authorised	Issued and fully paid
	2004 & 2003	2004 & 2003
	HK\$'000	HK\$'000
Ordinary shares of HK\$0.10 each	55,000	39,027
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