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ASIASAT ANNUAL REPORT 2009

hd times

HIGH DEFINITION

PICTURE PERFECT!

A New Era Dawns For AsiaSat With The Launch Of AsiaSat 5

From the Baikonur Cosmodrome

On a clear, bright, starlit August night, at the Baikonur Cosmodrome, situated in the remote, south-western plains of the Republic of Kazakhstan, tension mounted as the final countdown began.

After several years in the making, AsiaSat 5, a state-of-the-art Space Systems/Loral 1300 satellite, carrying 26 C-band and 14 Ku-band transponders was finally ready for its highly anticipated launch.

All eyes were fixed on the giant ILS Proton launch vehicle that propelled the latest addition to the AsiaSat family of in-orbit satellites into space. With an ear-splitting roar and cascades of sparks, the powerful Proton rocket gently lifted its valuable cargo skywards. Tension was high, but as the rocket's fiery plume disappeared into the black night sky the engineers and assembled guests errupted into cheers and whistles. The launch of AsiaSat 5 was declared a huge success.

Marking a new chapter in AsiaSat's unblemished satellite service history, AsiaSat 5 will provide AsiaSat's customers across Asia Pacific enhanced power, increased communications capacity and flexible coverage permutations for years to come. "We are confident that with its more advanced features, AsiaSat 5 will continue AsiaSat 2's success in Asia, and play a vital role in our expanding service offerings," said Peter Jackson, CEO of AsiaSat. *(Continued on page 7)*

Up, up and away! AsiaSat 5 was lifted gently into space aboard a powerful ILS Proton launch vehicle. After testing the satellite commenced service at 100.5°E, the orbital slot previously occupied by AsiaSat 2.

Published by
Asia Satellite Telecommunications Holdings Limited

(Stock Code 1135)

ASIASAT 5
GET THE INSIDE STORY
LAUNCH SPECIAL

SATELLITE TV SERVICE
DIRECT-TO-HOME (DTH) TV
VIA DISH-HD

hd times
HIGH DEFINITION

Contents

FROM THE EDITOR

Our second edition of HD Times, AsiaSat's magazine recognising the beginning of the High Definition Era in Asia, focuses on AsiaSat's achievements during the past 12 months. We've not only successfully launched, tested and commissioned AsiaSat 5, we've been busy gaining new customers and strengthening our strategic joint venture into the exciting world of Direct-to-Home (DTH) satellite TV. We hope you enjoy the read.

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). The Company has filed the deregistration application with the U.S. Securities and Exchange Commission (SEC) on 10 March 2009. Following the completion of the 90-day waiting period, the Company's periodic and disclosure obligations under the Securities Exchange Act of 1934 terminated and the Company is no longer a SEC registered company.

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

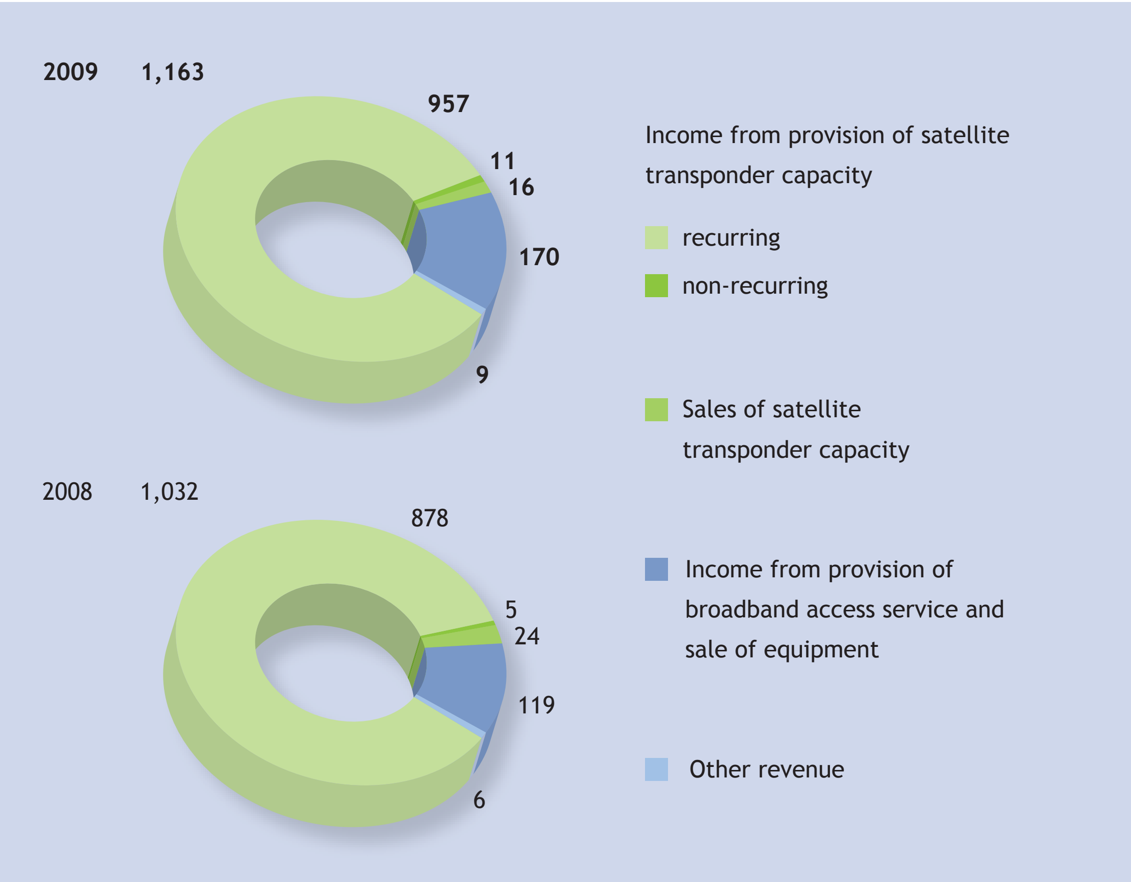
The Company's strategy is to maximise the return from its core business of satellite transmission services while exploring convergence opportunities in satellite related new growth industries.

Production: Edelman Design: Graphicat Limited

Financial *Highlights*

		2009	2008	Change
Turnover	HK$M	**1,163**	1,032	+13%
Profits attributable to equity holders	HK$M	**525**	485	+8%
Dividend	HK$M	**156**	153	+3%
Capital and reserves	HK$M	**5,498**	5,132	+7%
Earnings per share	HK cents	**135**	124	+9%
Dividend per share	HK cents	**40**	39	+3%
Dividend cover	Times	**3.4**	3.2	+6%
Return on equity holders' funds	Percent	**10**	9	+1%
Net assets per share - book value	HK cents	**1,405**	1,312	+7%

ANALYSIS OF SALES BY BUSINESS (HK$M)



Corporate *Information*

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sherwood P. DODGE *(appointed on 6 February 2009 and redesignated on 1 June 2009)*

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

MI Zeng Xin *(redesignated on 1 June 2009)*
Ronald J. HERMAN, Jr. *(resigned on 6 February 2009)*

EXECUTIVE DIRECTORS

Peter JACKSON (Chief Executive Officer)
William WADE (Deputy Chief Executive Officer)

NON-EXECUTIVE DIRECTORS

Mark CHEN
John F. CONNELLY
DING Yu Cheng *(resigned on 22 January 2010)*
GUAN Yi *(appointed on 6 February 2009)*
JU Wei Min
KO Fai Wong *(resigned on 6 February 2009)*
Nancy KU
LUO Ning *(appointed on 22 January 2010)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward CHEN
James WATKINS
Robert SZE

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)
JU Wei Min
Nancy KU

COMPANY SECRETARY

Sue YEUNG

AUTHORISED REPRESENTATIVES

Peter JACKSON
Sue YEUNG

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

OTHER BANKERS

China Construction Bank (Asia) Corporate Limited
Mizuho Corporate Bank, Limited (Hong Kong Branch)
Standard Chartered Bank (Hong Kong) Limited
UBS AG
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

19th Floor, Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

Chairman's *Statement*

EMERGING OPPORTUNITIES IN AN IMPROVING MARKET

I am pleased to report that, in 2009, AsiaSat achieved strong core performance and we are well positioned for growth in the coming years. While economic uncertainty persists in the region, there are encouraging signs that the Asian satellite industry will not be seriously affected. As a market leader offering premium services, we stand in good stead to benefit from improving market conditions and growing demand for new services such as High Definition Television (HDTV).

We are particularly pleased with the successful launch of AsiaSat 5, AsiaSat 2's replacement last August. AsiaSat 5 not only extends our services at 100.5°E but also expands our fleet's capacity and leads us into new markets. It embodies our commitment to maintaining AsiaSat's position as Asia's premier satellite operator, providing high quality service to our customers.

Our overall performance in 2009 was better than the strong performance of 2008, despite a challenging economic environment. We were able to secure a number of significant renewals and new contracts which produced a profit growth rate of 8%, despite the negative effects of a further decline in interest income and losses of a jointly controlled entity. We expect these positive trends to continue throughout 2010.

As announced in our Interim Report, our leading position in the Asian satellite industry was recognised during the year by industry organisations and our peers through a series of industry awards. In March 2009, AsiaSat was awarded "Best Asian Satellite Carrier" at the 2009 Telecom Asia Awards. Also in the same month, AsiaSat's Chief Executive Officer Peter Jackson was inducted into the Society of Satellite Professionals International's Hall of Fame, in recognition of his three decades of work and executive leadership in the telecommunications and satellite industry, half of which has been spent at AsiaSat. In June the same year, AsiaSat was recognised as "Satellite Service Provider of the Year in the Asia Pacific" at the Frost & Sullivan Asia Pacific ICT Awards, the first time a satellite operator has received this award twice.

Our core business is strong, the fundamentals of our industry remain robust, and as a market leader we are in an excellent position to thrive as a resurgent Asian economy creates new and exciting business opportunities.

Chairman's Statement

FINANCIAL RESULTS

Turnover

Turnover for 2009 was HK$1,163 million (2008: HK$1,032 million), an increase of HK$131 million, 13% over the previous year. This was driven primarily by growth in our core business amounting to approximately HK$76 million. Our wholly-owned subsidiary, SpeedCast Holdings Limited ("SpeedCast") also contributed to the growth in revenue of around HK$52 million in 2009 due to strong demand from its customers.

Profit

The profit attributable to equity holders during 2009 was HK$525 million (2008: HK$485 million), an increase of 8%. The increase mainly resulted from our strong revenue performance and a reduction in depreciation expenses of HK$39 million as AsiaSat 2 was fully depreciated in early 2009. However, the profit growth was partially offset by a reduction in interest income of approximately HK$48 million owing to the continued decrease in bank interest rates on deposits.

Operating expenses

Operating expenses, excluding depreciation and amortisation, in 2009 amounted to HK$324 million (2008: HK$275 million). The increase was primarily due to an increase in legal and professional fees of HK$27 million for pursuing various new business opportunities and handling Indian tax matters and an increase in various expenses including satellite operation expenses of HK$9 million, China business tax of HK$10 million, staff costs of HK$17 million. Impairment charges on certain assets of a subsidiary of HK$6 million contributed the remaining increase in operating expenses. This increase was partially mitigated by a reduction of HK$25 million in the net impairment trade receivable provision as compared to 2008.

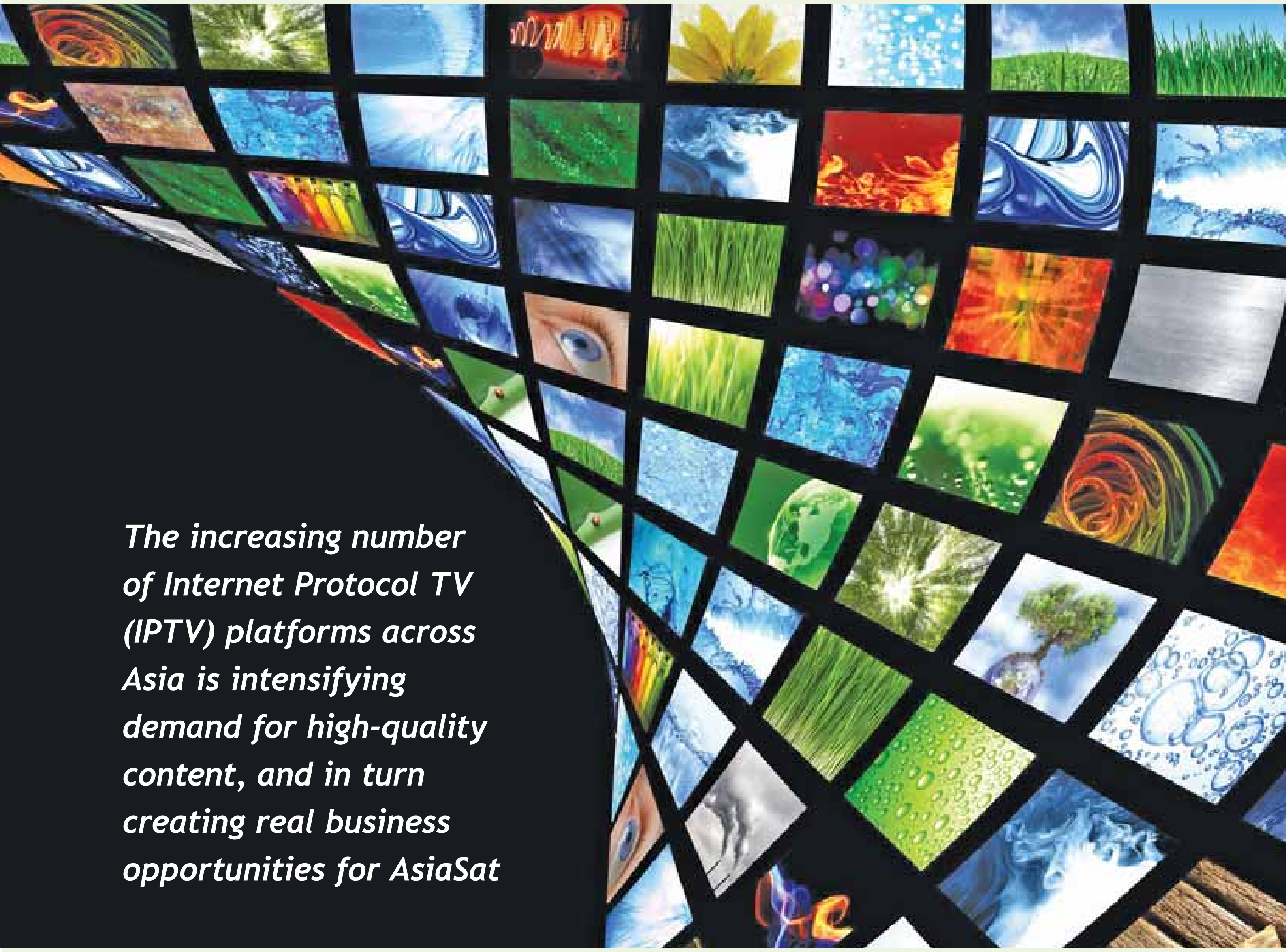
Depreciation

Depreciation in 2009 was HK$265 million (2008: HK$304 million). The drop in depreciation was because AsiaSat 2 was fully depreciated by early 2009 while the depreciation for AsiaSat 5, which is the replacement of AsiaSat 2, only started from October 2009.

Cash flows

During 2009, the Group had a net cash outflow of HK$962 million (2008: inflow of HK$157 million) after capital expenditures of HK$1,364 million (2008: HK$366 million) and dividends of HK$152 million (2008: HK$152 million). As at 31 December 2009, the Group reported a cash and cash equivalents balance of HK$1,484 million (2008: HK$2,445 million). The Group continues to be debt free.

IPTV Drives Demand For AsiaSat's Services



The increasing number of Internet Protocol TV (IPTV) platforms across Asia is intensifying demand for high-quality content, and in turn creating real business opportunities for AsiaSat

IPTV services have become more popular with many consumers in Asia. With more and more consumers across the region demanding higher quality and greater choice of TV services, IPTV platforms that allow customers to enjoy TV services bundled with telephone and broadband services are carving out a niche in the market. The expanded potential for interactivity and personalisation that the Internet Protocol provides are also leading to the launch of new channels that are creating innovative content.

The increase in competition has put IPTV platforms under pressure to find new, high-quality content that will differentiate their offering in the marketplace. This puts AsiaSat in a strong position to benefit from the growth of IPTV platforms which are looking for high-quality programmes, including HDTV content.

"Rising demand for HDTV in Asia gives rise to a tremendous opportunity for AsiaSat. As IPTV platforms across the region compete to offer the highest quality content to discerning consumers, we are well-placed to provide access to top programming including HDTV," says Peter Jackson, CEO of AsiaSat.

FINANCIAL RESULTS (CONTINUED)

Dividend

At the forthcoming Annual General Meeting ("AGM") to be held on 25 May 2010, directors of the Company ("Directors") will recommend a final dividend of HK$0.32 per share (2008: HK$0.31 per share). This, together with the interim dividend of HK$0.08 per share (2008: HK$0.08 per share), gives a total dividend of HK$0.40 per share in 2009 (2008: HK$0.39 per share). The register of members of the Company will be closed from Tuesday, 18 May 2010 to Tuesday, 25 May 2010 (both days inclusive), during which period no transfer of shares in the Company will be effected.

BUSINESS REVIEW

New satellites

AsiaSat 5

Our new satellite, AsiaSat 5, was launched successfully from the Baikonur Cosmodrome in Kazakhstan, on 12 August 2009 and commenced full service in October 2009, replacing AsiaSat 2 at the orbital location of 100.5°E. AsiaSat 5, a more powerful satellite than AsiaSat 2, is now serving many public and private broadcasters from around the world, a number of wholesale news agencies, video service providers, teleport service providers for video and news distribution and contribution services, as well as governments and VSAT services providers.

AsiaSat 7 (formerly AsiaSat 5C)

AsiaSat 5C, which was originally intended to backup AsiaSat 5, has had a name change and is now under construction as AsiaSat 7. Space Systems/Loral is building the new satellite on the SS/L 1300 series satellite platform with performance similar to that of AsiaSat 5. It is designed for the provision of fixed satellite services for television broadcast, telephone networks, and VSAT networks for broadband multimedia services across the Asia Pacific Region. It is scheduled for launch in late 2011, and depending on future market conditions, it will either replace AsiaSat 3S at the orbital location of 105.5°E or be positioned at another orbital slot to take on expanded business.

In-orbit satellites

During 2009, AsiaSat's in-orbit satellites performed well and continued to deliver excellent service to our customers. With the launch of AsiaSat 5, we signed a new lease agreement for AsiaSat 2 and transferred it to a new orbital slot as described below. In addition to AsiaSat 2, the Group's fleet now comprises AsiaSat 3S, AsiaSat 4 and AsiaSat 5, which are located in geostationary orbital positions over Asia providing our customers with unparalleled coverage across two-thirds of the world's population.

SPECIAL REPORT

IN TIME AND SPACE

AsiaSat 5 Joins Our Remarkable Fleet

Continued from front cover

While engineers and guests toasted the success of the AsiaSat 5 launch well into the night, it would be several weeks before a rigorous series of in-orbit tests proved that the new satellite was indeed ready to start service. Finally, on 17th September 2009, AsiaSat began commercial service at the orbital location of 100.5˚E, replacing our long-serving AsiaSat 2.

AsiaSat 5 is more than just a replacement for AsiaSat 2, however. This new generation communications satellite features enhanced power, coverage and connectivity, for advanced broadcasting, telecommunications and broadband services across Asia Pacific. AsiaSat 5 has a design life of 15 years and offers an enhanced pan Asian C-band footprint that covers more than 53 countries spanning from Russia to New Zealand and from Japan to the Middle East and parts of Africa.

As for AsiaSat 2, the veteran satellite has found a new home and been renamed AMOS-5i, serving Africa at 17˚E.

Launch team members gather prior to the launch of AsiaSat 5 (above) and hearty congratulations are shared at the post launch party in Moscow (inset).

AsiaSat 5 at its final stage of testing and mating with the launch vehicle at the Baikonur launch facility.

Come On The Amazing Journey

AsiaSat 5 was launched from the Baikonur Cosmodrome, Kazakhstan, the launch site where the world's first man-made satellite, Sputnik 1 and Yuri Gagarin, the first human in space, started their missions. AsiaSat 5's launch vehicle was a proven Russian manufactured Proton-M series 3-stage rocket with a Breeze-M 4th stage engine developed by the Khrunichev Space Centre.

AsiaSat 5 on its launch vehicle at Baikonur Cosmodrome.

The first stage separation occurs only two minutes after lift off and the second stage five and a half minutes later. The third stage is then operational and the satellite is completely separated from the launch vehicle 9 hours 15 minutes after lift off. A very complex series of maneuvres using engines and boosters guides AsiaSat 5 into its designated position to begin testing before commissioning.

BUSINESS REVIEW (CONTINUED)

In-orbit satellites (continued)

AsiaSat 2 was launched in November 1995 and was positioned at 100.5°E. This satellite carries a payload of 24 C-band and 9 Ku-band transponders. Following its replacement in October 2009 by AsiaSat 5, AsiaSat signed a contract with Spacecom, the operator of the AMOS satellite fleet, for the exclusive use of AsiaSat 2. AsiaSat 2 is renamed AMOS-5i and repositioned to 17°E, where it now serves the African continent.

AsiaSat 3S was launched in March 1999 and is positioned at 105.5°E. This satellite carries 28 C-band and 16 Ku-band transponders and its overall utilisation rate as at 31 December 2009 was 71% (2008: 69%).

AsiaSat 4 was launched in April 2003 and is positioned at 122°E. This satellite carries 28 C-band and 20 Ku-band transponders including four Hong Kong BSS (broadcast satellite service) transponders. Its overall utilisation rate as at 31 December 2009 was 68% (2008: 58%).

AsiaSat 5 was launched in August 2009 and is positioned at 100.5°E. It commenced full service in October 2009. This satellite carries 26 C-band and 14 Ku-band transponders and its overall utilisation rate as at 31 December 2009 was 54%.

The total number of transponders on the Company's satellites leased and sold (excluding AMOS-5i) as at 31 December 2009 was 85 (31 December 2008: 76) with an overall utilisation rate of 65% (2008: 60%). This figure includes the four BSS transponders provided for our Direct-to-Home (DTH) service and three transponders allocated for occasional use and Satellite News Gathering (SNG) services.

DISH-HD Asia Satellite

In June 2009, AsiaSat formed a joint venture with EchoStar Corporation, a leading provider of end-to-end satellite pay TV delivery systems and a designer and manufacturer of equipment for satellite, IPTV, cable, terrestrial and the consumer electronics markets. The joint venture is to deliver high definition DTH satellite television services to Taiwan and other targeted regions in Asia, starting service in late 2009. The business of our DTH-focused subsidiary, Skywave TV Company Limited, which is 80% held by the Company, has been incorporated into our joint venture, DISH-HD Asia Satellite Limited ("DISH AsiaSat"). The DTH services are currently in soft launch, with formal launch scheduled in the first half of 2010. As DISH AsiaSat is still in the early stage of operation, it has incurred a loss of HK$24 million during the year.

Empowering Viewers In Asia

AsiaSat has teamed up with EchoStar Corporation, a leading provider of DTH services and satellite TV equipment, to launch a new service in the Direct-to-Home (DTH) satellite TV market

AsiaSat and EchoStar have formed a joint venture, DISH-HD Asia Satellite (DISH AsiaSat), to tap into the growing demand for DTH TV services in Asia. The joint venture will deliver high definition (HD) DTH services to Taiwan and other targeted regions in Asia. EchoStar will contribute its operational expertise in delivering end-to-end satellite pay TV delivery systems and its digital satellite TV equipment to the venture, while AsiaSat will provide high quality and reliable satellite capacity.

DTH services allow home viewers to receive broadcast signals, including radio and TV, directly via a small satellite antenna and a digital set-top box. DTH has been one of the strongest growth drivers of the Asian satellite industry in recent years, and is expected to continue in this role as rising household wealth in Asian countries spurs demand. Geographic factors and the lack of terrestrial infrastructure in many parts of emerging Asia also create a promising opportunity for DTH satellite TV services.

The satellite TV service will be broadcast from AsiaSat 4's Ku-band BSS (Broadcast Satellite Service) transponders, and will provide a variety of all-digital HD channels. AsiaSat and EchoStar are currently working on developing a programming offering and subscriptions model for the new service.

"This joint venture will help meet the growing demand for HDTV content from technology-aware consumers in Asia who are demanding a greater choice for pay television services," said Peter Jackson, CEO of AsiaSat.

BUSINESS REVIEW (CONTINUED)

Transponder master agreement with CITIC Group

As mentioned in the 2008 Annual Report, a transponder master agreement between AsiaSat, CITIC Networks Co., Ltd. ("CITIC Networks", a wholly-owned subsidiary of CITIC Group), and CITIC Networks Co., Ltd Beijing Satellite Telecommunications Branch ("CITICSat", the branch established and run by CITIC Networks) was approved by the independent shareholders in January 2009. The agreement granted AsiaSat the right to provide transponder capacity to the customers of CITICSat and CITIC Networks.

The revenue from CITICSat contributed HK$54 million to the Group's turnover for the year.

SpeedCast

SpeedCast provides two-way satellite services including broadband access services to customers across Asia and beyond.

SpeedCast's turnover for the year ended 31 December 2009 was HK$170 million (2008: HK$118 million). The company recorded a net profit of HK$14 million for the year (2008: HK$0.7 million). This was mainly attributable to the growth in revenue from the two-way broadband access business.

COMPLIANCE

In 2009, we successfully deregistered from the U.S. Securities and Exchange Commission (SEC). Going forward, we will continue to maintain the same rigorous standards of corporate governance.

OUTLOOK

In 2009, AsiaSat enjoyed increased transponder utilisation rates, an increase in backlog and a promising flow of significant new contracts and renewals.

In our last Annual Report, we made reference to the economic uncertainty that would face the satellite industry in 2009. The global economic downturn that arose because of the financial crisis did not have a serious impact on our market or our business last year. The fundamental growth drivers of our industry remain in place, and we believe that the Asian satellite industry will continue to have opportunities for growth.

Branching Out

A New Breed Of TV Channel Is Blooming In Asia

While the growing number of pay TV services has acted as an important growth driver for the Asian satellite industry in recent years, free-to-air broadcasters, including national and public broadcasting networks, are increasingly using satellite to distribute programming into multiple countries.

The move marks a shift in the traditional role of a national broadcaster. Across the world, national and public broadcasters are going beyond serving domestic audiences and seeking to reach international audiences abroad via satellite. These broadcasters present news and current affairs information from a local perspective, as well as airing cultural and lifestyle programming that gives overseas audiences unique insights into their country. As such, this new breed of TV channel has the potential to improve grassroots relations and cultural understanding between different countries throughout the world, including the Asia Pacific region.

National broadcasters are also offering international TV services in their own languages, primarily aimed at expatriates living and working in Asia.

AsiaSat has been quick to capitalise on this growing trend, and is already engaged in supplying high quality, reliable satellite transmission services to high-profile broadcasters in the region.

"AsiaSat is the gateway to Asia for national and international broadcasters. We are pleased to attract a growing array of premium customers with globally prominent broadcasters using our satellite fleet to distribute programming," said Peter Jackson, CEO of AsiaSat.

Thanks to AsiaSat's unparalleled regional coverage, broadcasters can enjoy immediate access to cable headends and DTH satellite television and IPTV networks in more than 50 countries across the Asia Pacific region.

OUTLOOK (CONTINUED)

Industry growth will be driven in the long-term by two key factors: the technological advantages that satellites hold over terrestrial systems as a platform for the broadcast industry and increased competition across multiple platforms within Asia's television, internet and mobile telecommunications markets. In the short to medium-term, there is clear growth potential in HDTV technology, Internet Protocol Television (IPTV), video-to-mobile and DTH services, as well as in mobile and internet connectivity in rural and remote areas.

AsiaSat is uniquely positioned to benefit from this growth. Economic uncertainty often favours market leaders with strong and trusted reputations. We have delivered consistent top line growth throughout the crisis and downturn, expanding our business while the effects of the economy limited the progress of many of our rivals. The launch of AsiaSat 5, with its additional transponder capacity, has upgraded our overall service offering.

DIRECTORS AND SENIOR MANAGEMENT

I would like to welcome Mr. LUO Ning who joined the Board on 22 January 2010. I would also like to express my sincere thanks to Mr. DING Yu Cheng for his past years' service in the Board.

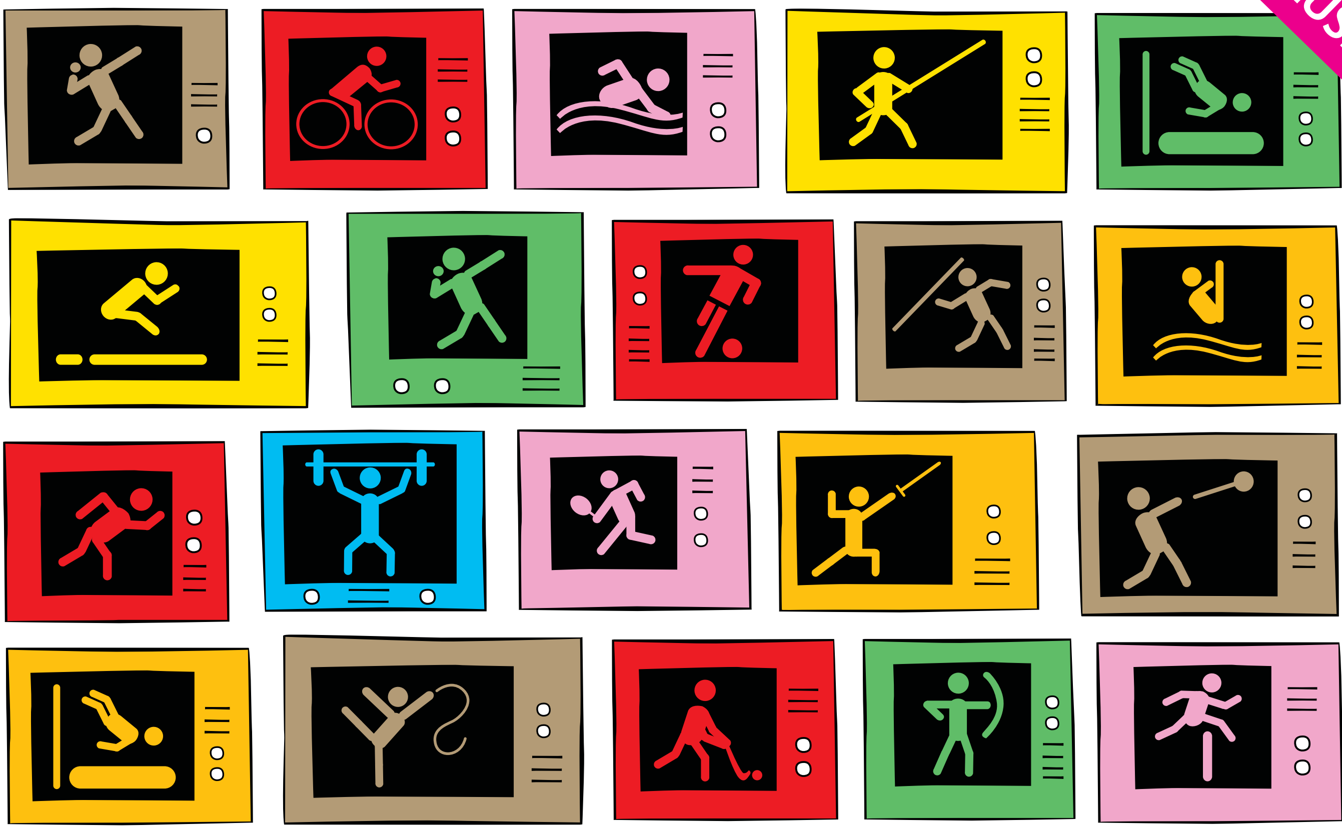
Mr. Peter JACKSON will retire from his current position as a Chief Executive Officer on 31 July 2010 and then be appointed as Executive Chairman on 1 August 2010 and will stay in his current role as Executive Director of the Company until 31 July 2011. Mr. Jackson will maintain his strategic involvement in steering the Company's success. Mr. William WADE, currently the Deputy Chief Executive Officer, will be appointed as the Chief Executive Officer in place of Mr. Jackson. I would like to express my sincere gratitude on behalf of the Board of Directors to Mr. Jackson for his many years of exceptional service. AsiaSat's strong reputation in the industry and its bright future are a credit to his leadership and his vision. We look forward to his continued contributions as AsiaSat's Executive Chairman.

I would also like to take this opportunity to express our sincere appreciation of the support from our customers, suppliers and shareholders. I would also like to thank my fellow directors for their valuable contribution and the staff members of the Group for their commitment and dedicated service throughout the year.

Sherwood P. DODGE
Chairman

Hong Kong, 26 March 2010

ASIASAT EXCLUSIVE



The Game Plan

AsiaSat Plays Essential Role In Sports

For thousands of years, major sporting events have had the ability to bring people together. With the advent of satellite broadcast technology in the 20th century, major international sporting competitions and tournaments brought together people from all over the world to simultaneously watch and cheer on their nation's athletes and favourite teams. Since the launch of AsiaSat 1 in 1990, AsiaSat has beamed numerous regional and international sporting events to Asian broadcasters and audiences.

In December 2009, AsiaSat had the honour of becoming the exclusive satellite capacity supplier for the live television coverage of the 2009 East Asian Games. Held every four years, the East Asian Games is a major event in the Asian sporting calendar. AsiaSat 3S was exclusively used to distribute television feeds of the 2009 East Asian Games to broadcast rights holders via their own broadcasting platforms serving millions of sports fans across the Asia Pacific region.

Top billings delivered via AsiaSat across the Asia Pacific region include the Olympic Games, FIFA World Cup, UEFA Champions League and Spanish Premier League

In February 2010, AsiaSat supplied satellite capacity for Asian broadcasts in both HD and SD of the Vancouver Winter Olympic Games and looks forward to supporting the forthcoming 2010 FIFA World Cup in South Africa in June.

Operations *Review*

MARKET REVIEW

As noted in the Chairman's Statement, the indications now are that the satellite industry in Asia will escape serious impact from the global recession. Government initiated programmes have stimulated economies across Asia and beyond, prompting a sustained rally in global stock markets last year. It is not yet clear how resilient the current recovery is, and there is risk of a double-dip recession in 2010. However, we are cautiously confident that the Asian satellite industry, which has historically suffered muted and delayed effects from recessions, is now in a strong position for growth. We saw increased revenues and activities in the Asian satellite market throughout 2009, and we expect this momentum to carry forward into 2010.

The television broadcast industry is growing steadily, which will continue to drive demand for satellite capacity. More and more pay-TV platforms are being launched across the region, spurred by the increased presence of new distribution platforms such as Direct-to-Home (DTH) satellite television and Internet Protocol Television (IPTV).

Today, Asia Satellite Telecommunications Company Limited ("AsiaSat") serves over 100 broadcasters, delivering some 300 television channels across the Asia Pacific Region.

Furthermore, these new platforms increasingly seek to offer a higher-quality viewing experience, through digital or High Definition Television (HDTV), in order to attract consumers in a competitive market. As a premier provider, the increase in HDTV penetration across Asia creates excellent opportunities for AsiaSat. We expect HDTV to be a key driver of our growth in 2010.

We continue to believe that the essential advantages that satellites have over terrestrial systems will continue to act as a medium to long-term driver of growth. Furthermore, governments in developing countries are increasingly looking to improve communications infrastructure, including mobile phone coverage and internet backbone connections, to their poorest and least accessible regions. While we do not expect the telecommunications sector to emerge as a leading driver of growth in the short term, the sector will steadily grow in importance over the longer term.

Overall, we have a promising pipeline of new deals and expect a strong year in 2010.

MARKET REVIEW (CONTINUED)

New satellite capacity

Oversupply of satellite capacity in Asia remains a challenge. As of the end of 2009, we are aware of plans to launch approximately 40 new satellites over the next three years, including fifteen replacements, totaling nearly 1,300 transponders with coverage overlapping some of AsiaSat's footprints.

That said, supply of quality C-band transponders in Asia is limited. As one of the earliest satellite operators to enter the Asian market, we have a selection of well-coordinated C-band slots, putting us in a good position to meet the increasing demand.

Furthermore, coverage in and of itself does not secure access for broadcast customers. We stand out from our competitors because we are able to offer instantaneous and reliable access to most hotels, cable operators, DTH platforms and other pay TV platforms in the region. Since 1988, we have successfully built strong customer relationships with leading television platforms and a reputation for service excellence across the region. As a result, we are confident that we will remain the market leader despite any future increases in capacity.

Short-term demand

Demand was solid in 2009, and as the shadow of recession began to lift, encouraging signs emerged. After years of promise, we are starting to see concrete examples of growth in the DTH market, with new DTH services absorbing overall surplus Ku-band capacity in the region. Even though governments still have a preference for local satellite operators, we believe that they will recognise the benefits of an open market and hence will eventually allow foreign operators to enter these markets without restrictions.

Medium to long-term demand

The development of HDTV across Asia will be a key driver for the industry and AsiaSat in 2010. While HDTV penetration in Asia is still far below that in the United States and Europe, the trend is undoubtedly encouraging.

We expect DTH markets across Asia to open up to increased competition over the medium-term, creating further opportunities. AsiaSat is also in a strong position to capitalise on a projected shortfall in supply in the DTH market over the medium-term.

MARKET REVIEW (CONTINUED)

Medium to long-term demand (continued)

Overall, increasing demand for high quality content will drive competing content providers to seek greater satellite capacity in order to deliver that content to television systems that may use cable, DTH satellite or Internet Protocol technology to reach customers.

Other developing technologies, including video to mobile and service bundling, will also stimulate demand for satellite capacity across Asia going forward.

Market strategies

As mentioned in the Chairman's Statement, market leaders are often in the strongest position when industries come under pressure from downturns. While the overall impact of the global economic crisis on the Asian satellite industry was not severe, we were nevertheless able to turn our market-leading position to our advantage, increasing our focus on new business development activity.

We expect corporate growth opportunities to increase in 2010. We will continue to explore potential acquisitions and strategic partnerships with operators and service providers to drive expansion, alongside organic growth.

Performance review

The Group again demonstrated solid turnover growth in 2009. Turnover was up by HK$131 million or 13% from the previous year, primarily driven by an increase in transponders leased. The profit attributable to equity holders for 2009 increased by HK$40 million or 8% over the previous year. This was due to strong revenue growth in our core business, decreased depreciation expense and reduced receivable impairment charge. However, the profit growth has been impacted by increased professional fees in exploring new business opportunities and handling Indian tax matters, increased staff costs and the impairment charge on certain assets of a subsidiary. The continued decline in interest income, resulted from a drop in cash and lower bank deposit rates, also offset part of the profit growth in 2009.

Operations Review

SATELLITES

New satellites

AsiaSat 5

AsiaSat 5 was launched successfully from the Baikonur Cosmodrome in Kazakhstan on 12 August 2009. The satellite was launched on a Proton Breeze M rocket supplied by International Launch Services Inc. in place of the originally selected Land Launch rocket, supplied by Sea Launch, which filed voluntary petitions for relief under Chapter 11 in the United States Bankruptcy Court on 22 June 2009.

Following separation from the launch vehicle, AsiaSat 5 underwent in-orbit testing. Solar arrays, reflectors, momentum wheels and thrusters were activated and their performance verified, and the transponder performance verification process completed before AsiaSat 5 entered full service in October 2009.

AsiaSat 5 replaced AsiaSat 2 at the orbital location of 100.5°E. Built on an SS/L 1300 series satellite platform, AsiaSat 5 carries 26 C-band and 14 Ku-band transponders, and has an estimated operational life of 16 years. AsiaSat 5's C-band footprint offers a more powerful pan-Asian coverage than that of AsiaSat 2. Its Ku-band coverage consists of three high-powered beams, two of which cover East Asia and South Asia, and an in-orbit steerable beam that can be positioned to provide service anywhere within AsiaSat 5's geographic coverage. AsiaSat 5 has a special feature that allows certain transponders to be configured to prevent unauthorised uplinking to the satellite's transponders from areas outside of China.

AsiaSat 7 (formerly AsiaSat 5C)

AsiaSat 5C was originally intended to act as a backup for AsiaSat 5 in the event of launch failure. Now that AsiaSat 5 has been successfully launched, the Board has decided to continue with the construction of AsiaSat 5C as AsiaSat 7. The new satellite is expected to be ready for launch in late 2011. The management and the Board will assess market conditions to determine whether AsiaSat 7 will be used to service new business, or to replace AsiaSat 3S at the orbital location of 105.5°E.

The new satellite is being built by Space Systems/Loral on a SS/L 1300 series satellite platform with performance similar to that of AsiaSat 5, and will provide high-quality fixed satellite services for television broadcast, telephone networks, and VSAT networks for broadband multimedia services across the Asia Pacific Region.

SATELLITES (CONTINUED)

In-orbit satellites

Our current in-orbit satellites – AsiaSat 2, AsiaSat 3S, AsiaSat 4 and AsiaSat 5 - performed well throughout 2009 without incident. AsiaSat 2 was replaced by AsiaSat 5 in October. Since then, it has been leased to Spacecom, the operator of the AMOS satellite fleet, and renamed as AMOS-5i and repositioned over Africa.

With the exception of AsiaSat 2/AMOS-5i, all of our satellites are located over the Asian landmass in geostationary positions. This enables us to provide our customers with comprehensive point to multi-point distribution and service throughout the geographically fragmented pan-Asian region. The high power of our satellites and our range of services allow us to provide our customers with high quality and reliable access to two-thirds of the world's population from a single satellite.

AsiaSat 2, launched in November 1995, carries 24 C-band and 9 Ku-band transponders. In 2009, it was replaced by AsiaSat 5 at 100.5°E and leased to Spacecom. It now locates at 17°E, and is renamed as AMOS-5i.

AsiaSat 3S was launched in March 1999 and is located at the 105.5°E slot. It provides 28 C-band and 16 Ku-band transponders. Its overall utilisation rate as at 31 December 2009 was 71% (2008: 69%).

AsiaSat 4, launched in April 2003, is positioned at 122°E. Its configuration offers 28 C-band and 20 Ku-band transponders including a Broadcast Satellite Service (BSS) payload. Its overall utilisation rate as at 31 December 2009 increased to 68% (2008: 58%), mainly due to the increase in contracts and new customers.

AsiaSat 5, launched in August 2009 and is positioned at 100.5°E. It commenced full service in October 2009. This satellite carries 26 C-band and 14 Ku-band transponders and its overall utilisation rate as at 31 December 2009 was 54%.

Overall, as at 31 December 2009, the total number of transponders leased and sold for all the three satellites (excluding AMOS-5i) was 85 (2008: 76 transponders), an increase of 12%; while the overall utilisation rate of the satellites increased to 65% (2008: 60%). The revenue generated from occasional service amounted to HK$65 million (2008: HK$65 million), representing some 6% (2008: 6%) of the recurring revenue, which is the same as last year.

Operations Review

EARTH STATIONS: TAI PO AND STANLEY

The Group's wholly-owned 5,711 square metre satellite control centre, our Tai Po Earth Station in Hong Kong, operated smoothly throughout the year. Our satellite fleet and services are controlled and monitored from Tai Po's eleven high performance antennas: one 11.3 metre antenna, one 9 metre antenna, five 7.3 metre antennas and four 6.3 metre antennas.

Our Tai Po Earth Station is backed up by the Stanley Tracking, Telemetry, and Control Station, which is connected to Tai Po by duplicate identical leased circuits. This fully redundant system enables us to provide the excellent service and reliability on which our customers rely.

The Stanley Station has seven full performance antennas: two 11 metre antennas, one 9 metre antenna, three 6 metre antennas and one 5 metre antenna. This redundant facility allows our satellites to be fully controlled from Stanley in the unlikely event of an outage at our primary control centre in Tai Po.

Through the Tai Po Earth Station, we offer a range of value-added services including multiple channels per carrier (MCPC) platforms, uplink, traffic turn-around, emergency uplink backup and equipment hosting services to our valued customers.

CONTRACTS ON HAND

As at 31 December 2009, the Group had a contracted backlog of HK$3,003 million (2008: HK$2,887 million), an increase of HK$116 million. The increase resulted from contracts from new customers and the renewal of a few long-term contracts from existing customers.

OPERATING LICENCES

Non-domestic television licence

The Group continues to hold two Non-domestic Television Programme Service licences issued by the Hong Kong Broadcasting Authority, one of which is that of our 80% owned subsidiary Skywave TV Company Limited ("Skywave"). The Company uses the other licence to operate its MCPC platforms from the Tai Po Earth Station offering value-added and cost saving services to broadcast customers by providing them with a one-stop MCPC platform service.

Fixed carrier licence

AsiaSat obtained a fixed carrier licence from the Office of the Telecommunications Authority of Hong Kong in May 2004 and this has been maintained. This licence permits us to provide television broadcast and telecommunications uplink services to our satellites and to provide backup services for our customers.

TRANSPONDER MASTER AGREEMENT WITH CITIC GROUP

As mentioned in the Chairman's Statement, a transponder master agreement with CITIC Group enables AsiaSat to benefit from the extensive and established business networks of both CITIC Group and CITIC Networks Co., Ltd. as it further explores business opportunities in China.

CORPORATE DEVELOPMENT

The Company successfully deregistered from the U.S. Securities and Exchange Commission (SEC) in 2009. Going forward, we will continue to maintain the same rigorous standards of corporate governance.

JOINT VENTURE AND SUBSIDIARY COMPANIES

SpeedCast

The 2009 revenue of SpeedCast Holdings Limited ("SpeedCast") increased to HK$170 million, compared to HK$118 million in 2008, representing a 44% rise. The increase was due to growth in revenue from two-way broadband access business.

SpeedCast is an industry-leading provider of two-way broadband access services in the region, with hubs in Hong Kong, Malaysia and Indonesia enabling the company to offer comprehensive services to key regional markets. The company is also tapping into the growing demand for video to mobile services.

DISH-HD Asia Satellite

As mentioned in the Chairman's Statement, the business of Skywave has been incorporated into our joint venture with EchoStar Corporation, DISH-HD Asia Satellite Limited ("DISH AsiaSat") to expand the HD DTH satellite television service. Nevertheless, DISH AsiaSat is still in its early stage of operation and thus incurred a loss of HK$24 million in 2009.

Peter JACKSON
Chief Executive Officer

Hong Kong, 26 March 2010

Corporate Governance Report

STATEMENT

In the interest of shareholders, 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.

Throughout 2009, 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 of Hong Kong Limited ("Stock Exchange") with certain deviations as outlined below.

The Directors 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 2009, the Directors have:

- selected suitable accounting policies and applied them consistently;
- appropriately adopted all applicable Hong Kong Financial Reporting Standards, which are in conformity with the International 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

The Company has adopted all the provisions in the CG Code with the following exception:

The CG Code provides that a majority of the members of the Remuneration Committee ("RC") should be Independent Non-executive Directors ("INEDs"). However, the RC is composed of three members, of whom one is an INED and the other two are Non-executive Directors ("NEDs"). The RC is chaired by the INED. It is logical to have a small RC as it allows open, frank and very focused discussions. Strict compliance with the CG Code would have the RC consist of at least five members, implying that all the INEDs would have to participate in the RC so as to maintain the balance of input from the major shareholders' representatives.

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 2009.

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 ("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

Composition and role

The Board is currently composed of 13 members: eight appointed by the shareholders of Bowenvale, CITIC and GE, as NEDs; three INEDs; and two Executive Directors ("EDs"), who are also the Chief Executive Officer ("CEO") and the Deputy Chief Executive Officer ("DCEO") of the Company.

The Chairman and the Deputy Chairman of the Board are appointed by CITIC and GE from one of their nominated directors, and the posts are rotated between 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.

BOARD OF DIRECTORS (CONTINUED)

Composition and role (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 management.

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 the management. The Board has established a framework of corporate governance and is supported by three committees, the Audit Committee ("AC"), the Nomination Committee ("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 role of the Chairman and the CEO are segregated and not exercised by the same individual. Currently, Mr. Sherwood P. DODGE and Mr. MI Zeng Xin act as Chairman and Deputy Chairman respectively. In addition, Mr. Peter JACKSON acts as CEO.

The Chairman of the Board is a NED, and 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 is responsible for running the Group's business, and implementation of the Group's strategy in achieving the overall commercial objectives.

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"). Each of the Board members has 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 and committee members in 2009:

	Meetings attended / held in 2009			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings	4	2	3	3
	Attendance	Attendance	Attendance	Attendance
Directors				
NEDs				
Sherwood P. DODGE [(2)]	4			3
MI Zeng Xin [(1)]	4			3
Mark CHEN [(2)]	4	2		
John F. CONNELLY [(2)]	4			
DING Yu Cheng [(1)]	3			
GUAN Yi [(1)]	4			
JU Wei Min [(1)]	4	1	3	
Nancy KU [(2)]	4		3	
INEDs				
Edward CHEN	4	2		3
Robert SZE	4	2		
James WATKINS	4	2	3	
EDs				
Peter JACKSON (CEO)	4			
William WADE (DCEO)	4			
Average attendance rate	98%	90%	100%	100%

(1) CITIC appointed directors.

(2) GE appointed directors.

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES

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 before the commencement of each financial 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 three members, of whom one is an INED and the other two are NEDs. The RC is chaired by the INED. The RC is scheduled to meet at least once a year. It also holds private sessions without the presence of management.

The following is a summary of the work of the RC in 2009:

(i) approved the amount of restricted share award for eligible staff for 2009;

(ii) approved bonus for 2009; and

(iii) approved 2010 salary review.

The Group has established a performance-based appraisal system. The present remuneration package consists of salary, housing benefits (applicable to certain grades of employees), 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 15 to the consolidated financial statements.

APPOINTMENTS OF DIRECTORS AND SENIOR EXECUTIVE

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

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

(ii) selects or recommends to the Board to be the nominees for the next AGM of shareholders;

(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 planning for the CEO.

The following is a summary of the work of the NC in 2009:

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

(ii) reviewed the succession planning methodology of the replacements for the senior executives of the Company; and

(iii) oversaw the self-assessment of the Board and its committees.

The NC has the sole authority to:

(i) retain and terminate a search firm to be used to identify Director candidates;

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

(iii) approve the search firm and such other professionals' fees and retention terms.

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

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

(iii) the Independent Auditors' ("IAs") qualifications and independence;

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

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

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 controls of the Group and the adequacy of the external and internal audits.

The AC shall have the sole authority and responsibility to:

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

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

AUDITORS' REMUNERATION

The fees incurred and described below for 2009 were as follows:

	2009 HK$'000	2008 HK$'000
Audit Fees	**1,300**	1,300
Tax Fees	**3,888**	863
All Other Fees	**95**	60
	5,283	2,223

Audit fees

The aggregate fees incurred by the Group for professional services rendered by the Auditors for the audit or 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.

INTERNAL CONTROL

The Board is responsible for maintaining and reviewing the effectiveness of the Group's internal control system. This system is designed to provide reasonable assurance on the efficiency and effectiveness of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

The Board conducted a review of the Group's internal control system for the year ended 31 December 2009, including financial, operational and compliance control, and risk management functions. The Board assessed the effectiveness of internal control by considering reviews performed by both internal and external auditors.

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.

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

COMPOSITION

The AC comprises five members, three of whom are INEDs who satisfy independence, financial literacy and experience requirements, whilst the other two members are NEDs and have only observer status with no voting rights. The AC is chaired by the INED, who possesses appropriate professional qualifications and experience in financial matters.

The following is a summary of the work of the AC in 2009:

(i) reviewed the financial statements and reports for the year ended 31 December 2008 and for the six months ended 30 June 2009;

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

(iii) reviewed the IAs' statutory audit plan and the letters of representation;

(iv) considered and approved the 2009 audit fees;

COMPOSITION (CONTINUED)

(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 2009 in conjunction with the Group's IAs;

(vii) reviewed the "Continuing Connected Transactions" set forth on page 50 and 51 prior to the review and confirmation by the Board; and

(viii) conducted a private session with the IAs.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Group recognises that high quality corporate reporting is important in reinforcing the trustworthy relationship with the Company's shareholders 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 the limits of four and three months respectively after the end of the relevant periods.

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.

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal control (continued)

Annual assessment

In 2009, 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 the annual review of the internal control system, the AC made reference to the requirements of the relevant regulatory bodies. The AC is of the view that, in general, the Group has set up a sound control environment and implemented an effective system of internal control.

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.

SHAREHOLDER RELATIONS

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.

SHAREHOLDER RELATIONS (CONTINUED)

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 new Listing Rules requirement effective from 1 January 2009, voting by poll is now mandatory for all shareholders meetings.

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$525 million (2008: HK$485 million), an increase of HK$40 million or 8% from the prior year. The increase was mainly due to strong performance in revenue, and a large reduction in depreciation expense as AsiaSat 2 was fully depreciated in early 2009, which was partially offset by the lower interest income from bank deposits and more deferred tax provision resulting from AsiaSat 5 in full operation in fourth quarter of 2009 that generated a substantial deferred tax liability.

Turnover

Turnover for the year was HK$1,163 million (2008: HK$1,032 million), an increase of HK$131 million, amounting to 13% over the previous year. This was primarily driven by an encouraging growth in our core business amounting to around HK$76 million. Our wholly-owned subsidiary, SpeedCast Holdings Limited ("SpeedCast") also reported continued growth in revenue of around HK$52 million.

Cost of services

Cost of services of HK$404 million (2008: HK$421 million) represented a decrease of HK$17 million. The decrease was largely due to a substantial reduction in depreciation expenses of HK$39 million as AsiaSat 2 was fully depreciated in early 2009, while the commencement of the depreciation for AsiaSat 5, which served as the replacement of AsiaSat 2, only occurred in late 2009. However, this was offset by the increases in satellite operation expense by HK$9 million, staff costs by HK$4 million and China business tax by HK$10 million.

Other gains

The gain of HK$21 million (2008: HK$68 million) was mainly generated from the interest income from short-term bank deposits. The decline was due to the drop in cash and in the interest rates on bank deposits.

FINANCIAL REVIEW (CONTINUED)

Administrative expenses

Administrative expenses were HK$185 million (2008: HK$158 million), an increase of HK$27 million or 17%. The increase was mainly due to the increase in legal and professional fees of HK$27 million as a result of pursing various business opportunities to broaden our business scope and handling the Indian tax matter, increase in staff costs of HK$13 million and impairment charge on certain assets of a subsidiary of HK$6 million. This increase was lessened by the reduction in net impairment charges of HK$25 million on trade receivables.

Share of losses of a jointly controlled entity

The share of losses from a jointly controlled entity, amounting to HK$12 million, was related to the joint venture with EchoStar Corporation ("EchoStar"), DISH-HD Asia Satellite Limited ("DISH AsiaSat"), in which the Company holds 50%.

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% (2008: 16.5%) of the estimated assessable profit for the year. The Group's effective tax rate for the year was approximately 10% (2008: 7%).

Overseas tax was calculated at approximately 7% to 20% of the gross revenue earned in certain overseas jurisdictions. The Group currently has a tax case with the Indian tax authorities. Further details are set out in Note 31 to the consolidated financial statements.

Financial results analysis

The financial results are highlighted below:

		2009	2008	Change
Turnover	HK$M	**1,163**	1,032	+13%
Profits attributable to equity holders	HK$M	**525**	485	+8%
Dividend	HK$M	**156**	153	+3%
Capital and reserves	HK$M	**5,498**	5,132	+7%
Earnings per share	HK cents	**135**	124	+9%
Dividend per share	HK cents	**40**	39	+3%
Dividend cover	Times	**3.4**	3.2	+6%
Return on equity holders' funds	Percent	**10**	9	+1%
Net assets per share - book value	HK cents	**1,405**	1,312	+7%

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal use of capital during the year under review was the payment of dividends, profits tax and capital expenditure related to the construction and launch of AsiaSat 5. These payments were financed through the cash flow generated from operating activities.

The Group had a net cash outflow of HK$962 million (2008: inflow of HK$157 million) and remained debt free in 2009.

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 almost all the revenue and a majority of the expenditure of the Group are 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 2009, the value of contracts on hand amounted to HK$3,003 million (2008: HK$2,887 million), the majority of which will be realised over the next few years. Almost all the contracts are denominated in United States Dollars. The increase in backlog was attributable to several significant new and renewed contracts secured during 2009.

SIGNIFICANT INVESTMENTS, THEIR PERFORMANCE AND FUTURE PROSPECTS

SpeedCast

SpeedCast, an indirect wholly-owned subsidiary of the Company, provides broadband, multimedia and corporate broadcast services to customers in countries across Asia and beyond.

For the year ended 31 December 2009, the turnover of SpeedCast was HK$170 million (2008: HK$118 million), a substantial increase of HK$52 million or 44%. SpeedCast made a profit of HK$14 million (2008: HK$0.7 million).

DISH-HD Asia Satellite

DISH AsiaSat is a joint venture with EchoStar, a leading provider of end-to-end pay TV delivery systems and a designer and manufacturer of equipment for satellite, IPTV, cable, terrestrial and consumer electronics markets, for the delivery of a DTH satellite television service to Taiwan and other targeted regions in Asia, which started in the second half of 2009. Our DTH-focused subsidiary, Skywave TV Company Limited, which is 80% held by the Company, has been incorporated into our joint venture with EchoStar. The DTH services are currently in soft launch, with hard launch scheduled for the first half of 2010.

For the seven months ended 31 December 2009, the turnover of DISH AsiaSat was HK$0.03 million as it was still in the early stage of operation in year 2009 and it incurred a loss of HK$24 million.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year, Beijing Asia Sky Telecommunications Technology Company Limited, a 49% owned associated company, was disposed of and resulted in a gain of HK$1.7 million.

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 2009, the Group had 163 permanent staff (2008: 154).

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.

The Group has established a performance-based appraisal system. The present remuneration package consists of salary, housing benefits (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 2009, 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 33 to the consolidated financial statements.

As at 31 December 2009, the Group had total capital commitments of HK$507 million (2008: HK$547 million), of which HK$339 million (2008: HK$261 million) was contracted for but not provided in the financial statements, and the remaining HK$168 million (2008: HK$286 million) was authorised by the Board but not yet contracted.

GEARING RATIO

As at 31 December 2009, the Company remained debt free. Therefore, 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 2009, the majority of 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 31 to the consolidated financial statements.

Biographical
Details of Directors and Senior Management

DIRECTORS

Sherwood P. DODGE, aged 54, was appointed a NED and Deputy Chairman of the Company on 6 February 2009 and redesignated as Chairman of the board of directors (the "Board") on 6 June 2009. He is the President and CEO of GE Capital – Equity, America. He joined General Electric in 1988 in Chicago as Vice President of Commercial Financial Services focusing on leveraged loans. From 1995 to 1998, he was President of GE Capital Thailand. From 1998 to 1999, he was the Senior Vice President with GE Capital Mortgage Corporation. He then joined GE Capital – Equity in 1999 as the Managing Director of GE Capital – Equity, Europe, a position he held until 2005. Prior to his current role, he was a 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 General Electric's Sponsor Finance business. He received a Bachelor of Political Science degree from Denison University.

MI Zeng Xin, aged 59, was appointed a Non-executive Director ("NED") of the Company on 28 February 2001. Since then, he acted as Chairman and Deputy Chairman of the Company on a rotational basis. Currently, he acts as Deputy Chairman of the Board. He is an Executive Director ("ED") and a Vice President of CITIC Group ("CITIC"). Prior to his appointment to the present position, he held executive management positions with various subsidiaries of CITIC and was the Chief Executive Officer ("CEO") of CITISTEEL in the United States from 1992 to 1997. He is also Chairman of the Board of CITIC USA Holdings, CITIC Australia Pty Limited and Karazhanbasmunai JSC and an Executive Director and Vice Chairman of CITIC Resources Holdings Limited in Hong Kong. He joined CITIC in 1985 and holds a Master of Science degree.

Mark CHEN, aged 35, was appointed a NED of the Company on 29 March 2007. He is currently Senior Managing Director, Equity at GE Capital, Asia Pacific. Mr. Chen has led the Equity business at GE Commercial Finance with responsibilities for the Asia-Pacific region since June 2006, and was subsequently appointed Senior Managing Director. In total, he has been with General Electric Company ("GE") for 10 years in various key roles within the Equity business. Prior to GE, he was an investment banker with Bankers Trust in New York and Tokyo. He holds a Bachelor of Economics with honours from Harvard University and a Master of Business Administration from Kellogg HKUST.

DIRECTORS (CONTINUED)

John F. CONNELLY, aged 66, was appointed a NED of the Company on 29 March 2007. He served with General Electric Group for over 40 years in a variety of positions. From 1992 to 2001 he served as Chairman and CEO of GE Americom, Inc., which was subsequently sold to SES S.A. ("SES"). In 2001 he was named Vice Chairman of SES, a position he held until March 2007.

GUAN Yi, aged 41, was appointed a NED of the Company on 6 February 2009. He is the Director of Strategy and Planning Department of CITIC. He joined CITIC since 1990 and has worked in various positions in Financial Planning and General Planning Departments. He is also the Director of CITIC Assets Management Corporation Ltd. and the Member of Supervisory Committee of CITIC Trust Co., Ltd. He graduated from University of International Business and Economics in Beijing, with a major in Accounting, in 1990.

JU Wei Min, aged 47, was appointed a NED of the Company on 12 October 1998. He is the Director and Chief Financial Officer of CITIC, and also the Chairman of CITIC Trust Co., Ltd. He is a NED of CITIC International Financial Holdings Limited, CITIC Ka Wah Bank, China CITIC Bank Corporation Limited, CITIC Securities Co., Ltd and CITIC Pacific Limited. He holds a Bachelor's degree and Master's degree in Economics, majoring in Accounting.

Nancy KU, aged 53, was appointed a NED of the Company on 29 March 2007. She is the President and CEO of GE Capital Greater China and has held this position since January 2009. Prior to this role, she was the President and CEO of GE Commercial Finance Greater China. She has worked for GE for 11 years.

LUO Ning, aged 51, was appointed a NED of the Company on 22 January 2010. He is a Director and an Assistant President of CITIC Group, a Chairman and a General Manager of CITIC Networks Co. Ltd. He joined CITIC Group since 2000 and also holds directorships in several other subsidiaries of CITIC Group. He is a 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 a Vice-Chairman and ED of CITIC 21 CN Company Limited and an Executive Director of DVN (Holdings) Limited. Both companies are listed on the Main Board of the Hong Kong Stock Exchange. He has over 16 years' experience in the telecommunications business and holds a Bachelor's degree in Communication Speciality from the Wuhan People's Liberation Army Institute of Communication Command.

DIRECTORS (CONTINUED)

Professor Edward CHEN, G.B.S., C.B.E., J.P., aged 65, has been an INED of the Company since May 1996. He 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, Centre of Asian Studies of the University of Hong Kong, Director of First Pacific Company Limited, Director of The Wharf (Holdings) Limited, Director of eBizAnywhere Technologies Limited, and Director of LG Asian Smaller Companies Fund.

James WATKINS, aged 64, was appointed an INED of the Company on 30 June 2006. He 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 General Counsel of the Jardine Matheson Group in Hong Kong. He is a NED of a number of Hong Kong and overseas listed companies. He holds a degree in Law from The University of Leeds, United Kingdom.

Robert SZE, aged 69, has been an INED of the Company since May 1996. He 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 a NED of a number of Hong Kong listed companies.

Peter JACKSON, aged 61, has been an ED and a CEO of the Company since May 1996, having served in that position with Asia Satellite Telecommunications Company Limited ("AsiaSat") since July 1993 prior to the listing of the Company. He has over 32 years' experience in the telecommunications field. Prior to his appointment as the CEO in 1993, he was employed by Cable & Wireless plc where he held engineering, marketing and management positions and was responsible for several satellite telecommunications ventures.

He is a NED of Daum Communications Group, a company that is listed in Korea. He has also served on Board of the Cable & Satellite Broadcasting Association of Asia (CASBAA) in various positions since 1997 and is currently the Treasurer.

William WADE, aged 53, has been an ED and a Deputy Chief Executive Officer of the Company since May 1996, having served in that position with AsiaSat since April 1994 prior to the listing of the Company. He has over 24 years' experience in the satellite and cable television industry. 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).

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Catherine CHANG, aged 42, is General Counsel of the Company. She joined AsiaSat in 1994 and established the legal department to manage the legal affairs of the Company. Prior to joining the Company, she was a 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.

Dr. Ya Hui CHIU, aged 60, is AsiaSat's General Manager, Operations, in which capacity he is responsible for maintaining and operating the Company's satellites. He has 25 years' experience in telecommunications engineering and operations, with the last 22 years being in the satellite communications area. He received his Bachelor of Science degree from the National Taiwan University and his M. Phil and Ph.D. degrees from Yale University, all in Physics.

Sabrina CUBBON, aged 48, is AsiaSat's General Manager, Marketing, in which capacity she is responsible for sales and marketing, business development, corporate affairs and market research. She has over 24 years of marketing experience in the telecommunications industry. Prior to joining AsiaSat in August 1992, she was employed by Case Communications, a Hong Kong company, between 1987 and 1992 as 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.

Sue YEUNG, aged 46, is AsiaSat's General Manager, Finance and Administration, and the Secretary of the Company. She is a member of the Institute of Chartered Accountants in England and Wales. She has held various senior financial 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.

Roger TONG, aged 48, is AsiaSat's General Manager, Engineering, has over 21 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 MBA degree from the Wilfrid Laurier University in Canada.

SENIOR MANAGEMENT (CONTINUED)

ZHANG Hai Ming, aged 53, is AsiaSat's General Manager, China. He is responsible for the Company's marketing, sales and customer relations activities in the Mainland China market. He has over 20 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.

SpeedCast Limited

Pierre-Jean BEYLIER, aged 40, was appointed since July 2004 as the CEO of SpeedCast Limited, an indirect wholly-owned subsidiary of the Company. He has led the sales and marketing activities of SpeedCast Limited since 2000. He has over 16 years of international sales and marketing experience. Prior to joining SpeedCast Limited, he held various sales and marketing positions with Rhodia, a company listed in Paris, and gained experience in consumer marketing from working at Black and Decker France. He graduated from the Lyon School of Management and holds a Master's degree in Business Administration from the University of Southern California.

Directors' *Report*

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2009.

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 page 57.

The Directors recommend the payment of a final dividend of HK$0.32 per share, together with the interim dividend of HK$0.08 per share, totalling HK$0.40 per share in 2009.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 58.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$18,700 (2008: HK$87,250).

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 are set out in Note 15 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2009, the distributable reserves of the Company amounted to HK$407,947,000 (2008: HK$404,494,000).

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 127.

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 905,500 ordinary shares of HK$0.1 each of the Company at an average price of HK$11.12 per share on The Stock Exchange of Hong Kong Limited. The purchase involved a total cash outlay of HK$10,069,000. 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 2009 and the Company has not redeemed any of its shares during the year ended 31 December 2009.

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 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 15 to the consolidated financial statements.

Apart from the Share Award Scheme, at no time during 2009 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

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

Chairman and Non-executive Director

Sherwood P. DODGE	*(appointed on 6 February 2009 and redesignated on 1 June 2009)*

Deputy Chairman and Non-executive Director

MI Zeng Xin	*(redesignated on 1 June 2009)*
Ronald J. HERMAN, Jr.	*(resigned on 6 February 2009)*

Executive Directors ("EDs")

Peter JACKSON	(Chief Executive Officer ("CEO"))
William WADE	(Deputy Chief Executive Officer ("DCEO"))

DIRECTORS (CONTINUED)

Non-executive Directors ("NEDs")

Mark CHEN	
John F. CONNELLY	
DING Yu Cheng	*(resigned on 22 January 2010)*
GUAN Yi	*(appointed on 6 February 2009)*
JU Wei Min	
KO Fai Wong	*(resigned on 6 February 2009)*
Nancy KU	
LUO Ning	*(appointed on 22 January 2010)*

Independent Non-executive Directors ("INED")

Edward CHEN

Robert SZE

James WATKINS

In accordance with Bye-law 110(A) of the Company's Bye-laws, Mr. John F. CONNELLY, Ms. Nancy KU, Mr. JU Wei Min, Professor Edward CHEN and Mr. Robert SZE will retire by rotation at the forthcoming Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election. In accordance with Bye-law 101 of the Company's Bye-laws, Mr. LUO Ning who was appointed as the NED after the last AGM will retire and, being eligible, offer himself 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' SERVICE CONTRACTS

Mr. Peter JACKSON reached the age of 60 during the third quarter of 2008. Mr. Jackson has entered into a new service contract with the Company whereby he will continue to be employed by the Company as CEO until 31 July 2010. He then will become the Company's Executive Chairman from 1 August 2010 to 31 July 2011.

Mr. William WADE, an ED and the DCEO of the Company entered into a service contract with Asia Satellite Telecommunications Company Limited on 3 June 1996 for an initial term of two years from 18 June 1996 to 17 June 1998 and thereafter, the contract shall continue unless or until terminated by either party in writing giving to the other not less than six calendar months' notice in writing to expire on or at any time after the end of the initial two-year period.

No shareholders' approval is required for the above contracts in accordance with the Listing Rules.

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 39 to 43.

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

At 31 December 2009, 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 2009

		Number of shares / underlying shares held							
Directors	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
Peter JACKSON	Long position	645,224	–	–	–	–	–	645,224	0.16
	Short position	–	–	–	–	–	–	–	–
William WADE	Long position	245,975	–	–	–	–	–	245,975	0.06
	Short position	–	–	–	–	–	–	–	–
James WATKINS	Long position	50,000	–	–	–	–	–	50,000	0.01
	Short position	–	–	–	–	–	–	–	–

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 executives 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 SHAREHOLDER' 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 2009, 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 2009

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)]	74.43
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695[(1) & (2)]	74.43
CITIC Group	Interest in controlled corporation	Long position	291,174,695[(1) & (2)]	74.43
GE Pacific-3 Holdings, Inc.	Interest in controlled corporation	Long position	291,174,695[(1) & (3)]	74.43
General Electric Company	Interest in controlled corporation	Long position	291,174,695[(1) & (3)]	74.43

Notes:

(1) As part of the internal reorganization of Bowenvale Limited ("Bowenvale"), AsiaCo Acquisition Limited ("AsiaCo") has become a wholly-owned subsidiary of Bowenvale in April 2009. On 28 July 2009, AsiaCo has transferred its 22,269,695 shares to Bowenvale and it makes Bowenvale have interest in a total of 291,174,695 shares in the Company.

(2) 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 Group ("CITIC"). Accordingly, Able Star, CITIC Asia, CITIC Projects and CITIC Group are deemed to be interested in the total of 291,174,695 shares in the Company held by Bowenvale.

(3) GE Pacific-3 Holdings, Inc. ("Pacific 3") controls 41.56% of the voting rights of Bowenvale and other affiliates of General Electric Company ("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 2009, the total revenue from the Group's five largest customers represented 32% of the Group's total revenue and the total revenue from the Group's largest customer represented 17% of the Group's total revenue. The total amount of purchases attributable to the Group's five largest suppliers was less than 29% of the total purchases and the largest suppliers represented 23% 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 34 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 contracted with CITIC Guoan Information Industry Company Limited for certain transponder utilisation agreements. The revenue generated from these agreements amounted to HK$770,000 (2008: HK$1,250,000).

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 a right to the Group to provide satellite transponder capacity for use by their customers. The revenue generated from this agreement amounted to HK$54,193,000 (2008: HK$ Nil). Furthermore, pursuant to this agreement mentioned, CITICSat was responsible for marketing activities in China on behalf of the Group. In return, the Group will reimburse the expenditure it incurred plus a marketing fee, which is collectively known as the marketing expense. The amount of marketing expenses paid in year 2009 was HK$11,208,000 (2008: HK$ Nil).

The Group used to have an agreement with CITIC Technology Company Limited, a subsidiary of CITIC, on 26 April 2002 (as amended on 23 June 2003 and 25 June 2003) for collecting money from China customers on behalf of the Company, the Group recognised no agency fee during the year (2008: HK$74,000).

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

In addition to the above, the Group made payments to a subsidiary of CITIC and a subsidiary of GE, amounting to HK$500,000 (2008: HK$500,000), and HK$550,000 (2008: HK$550,000) respectively, for certain NEDs representing CITIC and GE.

The aforesaid continuing connected transactions have been reviewed by INEDs of the Company. The INEDs confirmed that the aforesaid connected transactions were 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.

In accordance with paragraph 14A.38 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Board of Directors engaged the auditors of the Company to perform certain factual finding procedures on the above continuing connected transaction on a sample basis in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have reported their factual findings on the selected samples based on the agreed procedures to the Board of Directors.

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 26 March 2010.

SUBSEQUENT EVENTS

Details of significant events occurring after the balance sheet date are set out in Note 35 to the consolidated financial statements.

AUDITORS

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, 26 March 2010

Audit Committee Report

The Audit Committee (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. Independent Auditors ("IAs") are responsible for auditing and attesting to 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 IAs the 2009 consolidated financial statements included in the 2009 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 IAs 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 IAs, the AC recommended to the Board approval of the consolidated financial statements for the year ended 31 December 2009, with the Auditors' Report thereon.

The AC also reviewed and recommended to the Board approval of the unaudited consolidated financial statements for the first six months of 2009, 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 IAs for 2010.

MEMBERS OF THE AUDIT COMMITTEE

Robert SZE	(Chairman)
Edward CHEN	
James WATKINS	
JU Wei Min	(Non-voting)
Mark CHEN	(Non-voting)

Hong Kong, 26 March 2010

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Consolidated Statement of Financial Position

	Note	2009 HK$'000	2008 HK$'000
		As at 31 December	
ASSETS			
Non-current assets			
Leasehold land and land use rights	6	**21,866**	22,449
Property, plant and equipment	7	**3,823,914**	2,681,287
Intangible assets	8	**38,675**	39,921
Unbilled receivables		**137,553**	146,694
Interest in a jointly controlled entity	10	**132,058**	–
Amount paid to tax authority	11	**204,810**	204,810
Total non-current assets		**4,358,876**	3,095,161
Current assets			
Tax recoverable		**32,363**	–
Inventories	13	**3,741**	2,767
Trade and other receivables	12	**410,925**	234,614
Cash and cash equivalents	14	**1,483,712**	2,445,471
Total current assets		**1,930,741**	2,682,852
Total assets		**6,289,617**	5,778,013
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	15	**39,120**	39,120
Other reserves	16	**7,553**	12,481
Retained earnings			
- Proposed final dividend	28	**125,183**	121,271
- Others		**5,324,696**	4,955,659
		5,496,552	5,128,531
Minority interests		**1,378**	3,212
Total equity		**5,497,930**	5,131,743

Consolidated Statement of Financial Position

	Note	As at 31 December 2009 HK$'000	2008 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	19	**220,537**	172,631
Deferred revenue	17	**122,504**	102,179
Obligations under finance leases	18	**7**	17
Other payables		**2,006**	1,910
Total non-current liabilities		**345,054**	276,737
Current liabilities			
Construction payables		**58,162**	9,634
Other payables and accrued expenses		**158,003**	119,452
Deferred revenue	17	**152,172**	149,601
Obligations under finance leases	18	**10**	87
Current income tax liabilities		**78,165**	90,638
Dividend payable		**121**	121
Total current liabilities		**446,633**	369,533
Total liabilities		**791,687**	646,270
Total equity and liabilities		**6,289,617**	5,778,013
Net current assets		**1,484,108**	2,313,319
Total assets less current liabilities		**5,842,984**	5,408,480

The notes on pages 60 to 126 are an integral part of these financial statements.

Statement of Financial Position

	Note	2009 HK$'000	2008 HK$'000
		As at 31 December	
ASSETS			
Non-current assets			
Investments in subsidiaries	9	**434,627**	433,109
Capital contribution to Share Award Trust	9	**15,526**	10,148
Total non-current assets		**450,153**	443,257
Current assets			
Amount due from a subsidiary	9	**18,450**	21,687
Other receivables, deposits and prepayments		**946**	1,364
Total current assets		**19,396**	23,051
Total assets		**469,549**	466,308
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	15	**39,120**	39,120
Other reserves		**288,311**	290,704
Retained earnings			
- Proposed final dividend	28	**125,183**	121,271
- Others		**12,320**	10,386
Total equity		**464,934**	461,481
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		**4,483**	4,228
Current income tax liabilities		**132**	599
Total liabilities		**4,615**	4,827
Total equity and liabilities		**469,549**	466,308
Net current assets		**14,781**	18,224
Total assets less current liabilities		**464,934**	461,481

The notes on pages 60 to 126 are an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2009 HK$'000	2008 HK$'000
Sales	5	**1,162,918**	1,031,697
Cost of services	21	**(403,907)**	(420,919)
Gross profit		**759,011**	610,778
Administrative expenses	21	**(184,652)**	(158,173)
Other gains - net	20	**20,575**	68,076
Operating profit		**594,934**	520,681
Finance costs	23	**(109)**	(114)
Share of losses of a jointly controlled entity		**(12,242)**	—
Profit before income tax		**582,583**	520,567
Income tax expense	24	**(59,202)**	(36,609)
Profit and total comprehensive income for the year		**523,381**	483,958
Profit and total comprehensive income attributable to:			
Equity holders of the Company		**525,215**	484,887
Minority interests		**(1,834)**	(929)
		523,381	483,958
Earnings per share attributable to the equity holders of the Company during the year (expressed in HK$ per share)			
Basic earnings per share	27	**1.35**	1.24
Diluted earnings per share	27	**1.34**	1.24
		HK$'000	HK$'000
Dividends	28	**156,478**	152,566

The notes on pages 60 to 126 are an integral part of these 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	Minority interests HK$'000	Total HK$'000
		Attributable to equity holders of the Company							
Balance at 1 January 2008		39,120	17,866	(686)	2,089	4,744,458	4,802,847	4,141	4,806,988
Comprehensive income									
Profit or loss		–	–	–	–	484,887	484,887	(929)	483,958
Transactions with owners									
Employees share award scheme:									
- Shares held under Share Award Scheme		–	–	(10,606)	–	–	(10,606)	–	(10,606)
- Share-based payment		–	–	–	3,818	–	3,818	–	3,818
- Shares vested under Share Award Scheme		–	–	1,852	(1,852)	–	–	–	–
Final dividend relating to 2007		–	–	–	–	(121,271)	(121,271)	–	(121,271)
Interim dividend relating to 2008	28	–	–	–	–	(31,295)	(31,295)	–	(31,295)
Dividend for share held by Share Award Trust		–	–	–	–	151	151	–	151
Total transactions with owners		–	–	(8,754)	1,966	(152,415)	(159,203)	–	(159,203)
Balance at 31 December 2008		39,120	17,866	(9,440)	4,055	5,076,930	5,128,531	3,212	5,131,743
Balance at 1 January 2009		39,120	17,866	(9,440)	4,055	5,076,930	5,128,531	3,212	5,131,743
Comprehensive income									
Profit or loss		–	–	–	–	525,215	525,215	(1,834)	523,381
Transactions with owners									
Employees share award scheme:									
- Shares held under Share Award Scheme		–	–	(10,069)	–	–	(10,069)	–	(10,069)
- Share-based payment		–	–	–	5,141	–	5,141	–	5,141
- Shares vested under Share Award Scheme		–	–	3,623	(3,623)	–	–	–	–
Final dividend relating to 2008	28	–	–	–	–	(121,271)	(121,271)	–	(121,271)
Interim dividend relating to 2009	28	–	–	–	–	(31,295)	(31,295)	–	(31,295)
Dividend for shares held by Share Award Trust		–	–	–	–	300	300	–	300
Total transactions with owners		–	–	(6,446)	1,518	(152,266)	(157,194)	–	(157,194)
Balance at 31 December 2009		39,120	17,866	(15,886)	5,573	5,449,879	5,496,552	1,378	5,497,930

The notes on pages 60 to 126 are an integral part of these financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2009 HK$'000	2008 HK$'000
Cash flows from operating activities:			
Cash generated from the operations	29	**734,229**	657,911
Hong Kong profits tax paid		**(48,291)**	(46,159)
Overseas tax paid		**(7,886)**	(5,846)
Net cash generated from operating activities		**678,052**	605,906
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(1,363,817)**	(366,454)
Proceeds from disposals of property, plant and equipment	29	**1,550**	209
Proceeds from disposal of an associate		**1,678**	–
Investments in and advances to a jointly controlled entity		**(136,500)**	–
Interest received		**19,722**	80,550
Net cash used in investing activities		**(1,477,367)**	(285,695)
Cash flows from financing activities:			
Purchases of shares under Share Award Scheme		**(10,069)**	(10,606)
Repayment of obligations under finance leases		**(87)**	(101)
Interest paid		**(22)**	(51)
Dividends paid	28	**(152,266)**	(152,415)
Net cash used in financing activities		**(162,444)**	(163,173)
Net (decrease)/increase in cash and cash equivalents		**(961,759)**	157,038
Cash and cash equivalents at beginning of the year		**2,445,471**	2,288,433
Cash and cash equivalents at end of the year	14	**1,483,712**	2,445,471

The notes on pages 60 to 126 are an integral part of these 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 filed the deregistration application with the U.S. Securities and Exchange Commission (SEC) on 10 March 2009. Following the completion of the 90-day waiting period, the Company's periodic and disclosure obligations under the Securities Exchange Act of 1934 terminated and the Company is no longer a SEC registered company.

The Company continues to maintain its listing on The Stock Exchange of Hong Kong Limited.

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 26 March 2010 and signed on its behalf by Mr. JU Wei Min (Director) and Mr. Peter JACKSON (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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The Group has adopted the following new and amended HKFRS, which are relevant to the Group, as of 1 January 2009:

- HKFRS 7 (amendment), 'Financial Instruments – Disclosures' – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.

- HKAS 1 (revised), 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. The Group has no non-owner changes in equity for the current or prior year. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

- HKFRS 8, 'Operating segments' – effective 1 January 2009. HKFRS 8 replaces HKAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group reports operating segments in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker of the Group has been identified as the Chief Executive Officer who makes the strategic decisions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Changes in accounting policy and disclosures (continued)

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group.

The following standards and amendments to existing standards have been published and are effective for periods commencing after 1 January 2009, but the Group has not early adopted them:

HKFRS (Amendments)	Improvements to HKFRS
HKAS 24 (Revised)[2]	Related Party Disclosures
HKAS 27 (Revised)[1]	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)[1]	Classification of Rights Issue
HKAS 39 (Amendment)[1]	Eligible Hedge Items
HKFRS 2 (Amendment)[1]	Group Cash-settled Share-based Payments Transactions
HKFRS 3 (Amendment)[1]	Business Combinations
HKFRS 9 (Amendment)[3]	Financial Instruments
HK(IFRIC) 14 (Amendment)[2]	Prepayments of a Minimum Funding Requirement
HK(IFRIC) 17 (Amendment)[1]	Distributions of Non-cash Assets to Owners
HK(IFRIC) 19 (Amendment)[2]	Extinguishing Financial Liabilities with Equity Instruments

[1] Effective for the Group for annual periods beginning on or after 1 January 2010

[2] Effective for the Group for annual periods beginning on or after 1 January 2011

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income (Note 2.6(a)).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses 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). The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(b) Transactions with minority interests

The group applies a policy of treating transactions with minority interest as transactions with parties external to the Group. Disposals to minority interest result in gains and losses for the Group and are recorded in the statement of comprehensive income. Purchases from minority interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

(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.

In the Company's statement of financial position, the investment in the jointly controlled entity is stated at cost less provision for impairment losses (Note 2.7). The result of the jointly controlled entity is accounted for by the Company on the basis of dividend received and receivable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Chief Executive Officer who makes strategic decisions.

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 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 as a separate component of equity, if any.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

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

Buildings in the course of development for production, rental or administrative purposes or for purposes not yet determined, 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.

Satellite under construction includes the manufacturing costs, launch costs and any other relevant direct costs when billed or incurred. 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 statement of comprehensive income during the financial year in which they are incurred.

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

Satellites:	
- AsiaSat 2	8%
- 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%

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

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.

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 statement of comprehensive income.

2.6 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Licences

Licences are carried at historical cost. Licences that have finite useful lives are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the licence over its estimated useful life of approximately 10 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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.

2.8 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 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 maturities greater 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 2.10 and 2.11). 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.

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;

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

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

- 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 asset's 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)

2.10 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.

2.11 Cash and cash equivalents

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

2.12 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 Company's equity holders until the shares are cancelled or reissued. Where such 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 Company's equity holders.

2.13 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Current and deferred income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company's subsidiaries and jointly controlled entities 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, 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 reporting 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 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)

2.14 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 are 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 options 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).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Employee benefits (continued)

(b) Share-based compensation (continued)

Non-market vesting conditions are included in assumptions about the number of award share 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 statement of comprehensive income, with a corresponding adjustment to equity.

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.

2.15 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Provisions (continued)

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.

2.16 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, 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 on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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 receivable from customers in accordance with the contract terms is shown as unbilled receivable.

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.

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

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.

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

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.

Interest income is accrued on a time basis, by reference to the principal amounts outstanding and at the interest rate applicable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Leases (as the lessee)

(a) Operating lease

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

(b) Finance lease

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.19 Dividend distribution

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

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 2009 and 2008, 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 is pegged to United States Dollars, the Group does not have any significant currency exposure and does not need to hedge.

At 31 December 2009, certain trade receivables were denominated in Renminbi ("RMB") and their foreign currency exposure is analysed as follows :

	2009	2008
	RMB'000	RMB'000
Trade receivables	**30,245**	4,311

At 31 December 2009, 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 profits by approximately HK$1,717,000 (2008: HK$245,000).

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 2008.

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 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 :

	2009		2008	
	Effective Interest Rate	**HK$'000**	Effective Interest Rate	HK$'000
Short-term deposits	**1.2%**	**1,437,302**	3.3%	2,410,450

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Cash flow interest rate risk (continued)

At 31 December 2009, it is estimated that a general increase/decrease of 100 basis points in interest rate, with all other variables held constant, would increase/decrease the Group's profit for the year and retained profits by approximately HK$14,373,000 (2008 : HK$24,105,000).

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 2008.

(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.

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.

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(d) Liquidity risk (continued)

Group

	2009 Within 1 year	2009 More than 1 year but less than 3 years	2009 Total	2008 Within 1 year	2008 More than 1 year but less than 3 years	2008 Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current liabilities						
Construction payables	58,162	–	58,162	9,634	–	9,634
Other payables and accrued expenses	158,003	–	158,003	119,452	–	119,452
Obligations under finance leases	10	–	10	87	–	87
	216,175	–	216,175	129,173	–	129,173
Non-current liabilities						
Other payables	–	2,150	2,150	–	2,150	2,150
Obligations under finance leases	–	7	7	–	17	17
	–	2,157	2,157	–	2,167	2,167

Company

	2009 Within 1 year	2009 More than 1 year but less than 3 years	2009 Total	2008 Within 1 year	2008 More than 1 year but less than 3 years	2008 Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Current liabilities						
Other payables and accrued expenses	4,483	–	4,483	4,228	–	4,228

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 equity holders, 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. The Group's overall policy on managing capital remained the same as in 2008.

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 discussed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 8).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Critical accounting estimates (continued)

(b) 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 2, AsiaSat 3S, AsiaSat 4 and AsiaSat 5) represented 51% of its total assets as of 31 December 2009 (2008: 28%). 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 2009, 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$14,239,000 and HK$16,313,000 respectively.

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. The details of the contingencies on Indian tax are set out in Note 31.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.2 Critical judgments in applying the entity's accounting policies (continued)

(b) Realisability 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 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").

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 2009 and 2008, there had been no indication that the carrying amounts of long-lived assets of the Group may have become impaired.

(c) Provision for impairment of receivables

The issue is covered under credit risk in Note 3.1 (b) above.

5. SALES AND SEGMENT INFORMATION

(a) Sales:

The Group's sales are analysed as follows:

	2009 HK$'000	2008 HK$'000
Income from provision of satellite transponder capacity		
- recurring	**956,450**	878,031
- non-recurring	**11,128**	4,935
Sales of satellite transponder capacity	**16,411**	24,491
Income from provision of broadband access service and sale of equipment	**169,967**	118,494
Other revenue	**8,962**	5,746
	1,162,918	1,031,697

5. SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information:

The chief operating decision-maker has been identified as the Chief Executive Officer of the Group. The 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 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 following businesses:

- operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunication;
- provision of broadband access services; and
- provision of Direct-to-Home satellite television service through the jointly controlled entity.

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 Chief Executive Officer is measured in a manner consistent with the consolidated statement of comprehensive income.

The amounts provided to the 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.

5. SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued):

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

	2009				
	Provision of satellite telecommunication systems for broadcasting and telecommunication	Broadband access services	Direct-to-Home satellite television service	Inter-segment elimination	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Sales to external customers	921,226	169,967	–	–	1,091,193
Sales to related parties (Note 34)	62,763	–	–	–	62,763
Inter-segment sales	72,024	269	–	(72,293)	–
Other revenue	11,720	–	–	(2,758)	8,962
Total	1,067,733	170,236	–	(75,051)	1,162,918
Operating profit	580,878	14,056	–	–	594,934
Finance costs	(87)	(22)	–	–	(109)
Share of losses of a jointly controlled entity	–	–	(12,242)	–	(12,242)
Profit before income tax	580,791	14,034	(12,242)	–	582,583
Income tax expense	(59,202)	–	–	–	(59,202)
Profit for the year	521,589	14,034	(12,242)	–	523,381
Depreciation and amortisation	255,479	9,292	–	–	264,771
Interest income	18,445	7	–	–	18,452
Total assets	6,105,091	65,412	132,058	(12,944)	6,289,617
Capital expenditure	1,397,255	14,194	–	–	1,411,449
Interest in a jointly controlled entity	–	–	132,058	–	132,058
Total liabilities	768,439	36,192	–	(12,944)	791,687

5. SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued):

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

	2008			
	Provision of satellite telecommunication systems for broadcasting and telecommunication	Broadband access services	Inter-segment elimination	Consolidated
	HK$'000	HK$'000	HK$'000	HK$'000
Sales to external customers	906,207	118,494	–	1,024,701
Sales to a related party (Note 34)	1,250	–	–	1,250
Inter-segment sales	43,855	–	(43,855)	–
Other revenue	6,771	–	(1,025)	5,746
Total	958,083	118,494	(44,880)	1,031,697
Operating profit	519,896	785	–	520,681
Finance costs	(64)	(50)	–	(114)
Profit before income tax	519,832	735	–	520,567
Income tax expense	(36,609)	–	–	(36,609)
Profit for the year	483,223	735	–	483,958
Depreciation and amortisation	297,186	7,244	–	304,430
Interest income	66,171	107	–	66,278
Total assets	5,744,183	45,713	(11,883)	5,778,013
Capital expenditure	298,599	9,092	–	307,691
Total liabilities	615,744	42,409	(11,883)	646,270

5. SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued):

The Group is domiciled in Hong Kong. The sales to customers in Hong Kong and Greater China for the year ended 31 December 2009 are HK$261,784,000 (2008: HK$257,994,000) and HK$148,680,000 (2008: HK$143,276,000) respectively, and the total sales to customers in other countries is HK$752,454,000 (2008: HK$630,427,000).

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 of expenses, assets and liabilities has been presented.

For the year ended 31 December 2009, sales of approximately HK$192,121,000 (2008: HK$194,211,000) 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:

	2009 **HK$'000**	2008 HK$'000
In Hong Kong held on:		
Leases of between 10 to 50 years	**21,866**	22,449
Total	**21,866**	22,449

	2009 **HK$'000**	2008 HK$'000
Opening balance	**22,449**	23,032
Amortisation of prepaid operating lease payments (Note 21)	**(583)**	(583)
Closing balance	**21,866**	22,449

7. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Satellites and tracking facilities: In operation	Satellites and tracking facilities: 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 2008									
Cost	4,261,407	621,229	118,624	13,324	9,750	5,992	18,563	2,375	5,051,264
Accumulated depreciation	(2,326,570)	–	(19,312)	(10,798)	(8,409)	(3,826)	(2,191)	(2,207)	(2,373,313)
Net book amount	1,934,837	621,229	99,312	2,526	1,341	2,166	16,372	168	2,677,951
Year ended 31 December 2008									
Opening net book amount	1,934,837	621,229	99,312	2,526	1,341	2,166	16,372	168	2,677,951
Additions	7,932	279,461	1,464	10,551	1,287	490	6,506	–	307,691
Transfer between categories	–	(2,179)	2,179	–	–	–	–	–	–
Disposals (Note 29)	–	–	–	(19)	(5)	–	(62)	–	(86)
Depreciation	(287,250)	–	(4,778)	(3,646)	(1,140)	(1,042)	(6,255)	(158)	(304,269)
Closing net book amount	1,655,519	898,511	98,177	9,412	1,483	1,614	16,561	10	2,681,287
At 31 December 2008									
Cost	4,269,339	898,511	122,267	17,940	18,103	5,166	44,674	2,372	5,378,372
Accumulated depreciation	(2,613,820)	–	(24,090)	(8,528)	(16,620)	(3,552)	(28,113)	(2,362)	(2,697,085)
Net book amount	1,655,519	898,511	98,177	9,412	1,483	1,614	16,561	10	2,681,287
Year ended 31 December 2009									
Opening net book amount	1,655,519	898,511	98,177	9,412	1,483	1,614	16,561	10	2,681,287
Additions	4,216	1,389,951	60	268	1,340	2,207	13,407	–	1,411,449
Transfer between categories	1,857,673	(1,857,673)	–	–	(10)	–	10	–	–
Disposals (Note 29)	(1,201)	–	–	–	(5)	–	(144)	–	(1,350)
Impairment charge	(2,781)	–	–	–	–	–	–	–	(2,781)
Depreciation	(245,518)	–	(4,891)	(4,058)	(1,109)	(1,076)	(8,035)	(4)	(264,691)
Closing net book amount	3,267,908	430,789	93,346	5,622	1,699	2,745	21,799	6	3,823,914
At 31 December 2009									
Cost	**6,125,693**	**430,789**	**122,327**	**18,208**	**19,308**	**6,098**	**57,563**	**2,372**	**6,782,358**
Accumulated depreciation	**(2,857,785)**	**–**	**(28,981)**	**(12,586)**	**(17,609)**	**(3,353)**	**(35,764)**	**(2,366)**	**(2,958,444)**
Net book amount	**3,267,908**	**430,789**	**93,346**	**5,622**	**1,699**	**2,745**	**21,799**	**6**	**3,823,914**

At 31 December 2009, the carrying amount of the Group's office equipment and motor vehicles held under finance leases were HK$15,000 (2008: HK$109,000).

Depreciation expense of HK$264,691,000 (2008: HK$304,269,000) has been charged in cost of services.

8. INTANGIBLE ASSETS – GROUP

	Licences HK$'000	Goodwill HK$'000	Total HK$'000
At 31 December 2008			
Cost	1,889	38,675	40,564
Accumulated amortisation and impairment	(643)	–	(643)
Net book amount	1,246	38,675	39,921
Year ended 31 December 2009			
Opening net book amount	1,246	38,675	39,921
Impairment charge (Note 21)	(1,166)	–	(1,166)
Amortisation expense (Note 21)	(80)	–	(80)
Closing net book amount	–	38,675	38,675
At 31 December 2009			
Cost	**1,889**	**38,675**	**40,564**
Accumulated amortisation and impairment	**(1,889)**	**–**	**(1,889)**
Net book amount	**–**	**38,675**	**38,675**

Notes:

The carrying amount of the license has been reduced to its recoverable amount through recognition of an impairment loss. This loss has been included in the administrative expenses in the consolidated statement of comprehensive income.

Amortisation of HK$80,000 (2008: HK$161,000) is included in the administrative expenses in the consolidated statement of comprehensive income.

8. INTANGIBLE ASSETS – GROUP (CONTINUED)

Impairment test of goodwill

Goodwill is wholly related to the Group's cash generating unit ("CGU") of provision of broadband access services. In accordance with HKAS 36 "Impairment of Assets", the impairment test for goodwill was carried out by comparing the recoverable amounts to the carrying amounts as at the year end reporting date. The recoverable amount of the Group's CGU is determined based on value-in-use calculations. These calculations use pre-tax free cash flow projections based on the five-year financial budget from 2010 to 2014 approved by management and the five-year forecast from 2015 to 2019 based on an annual growth rate of 15% (2008:10%). The cash flow projection beyond the ten-year period was calculated based on an annual growth rate of 2% (2008: 2%). The discount rate used is 15% (2008: 15%). Management believes that any reasonably foreseeable change in any of the above key assumptions would not cause the carrying amount of goodwill to exceed the recoverable amount and therefore no sensitivity analysis was required.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2009 **HK$'000**	2008 HK$'000
Unlisted shares in subsidiaries, at cost	**434,627**	433,109
Capital contribution to Share Award Trust (Note b)	**15,526**	10,148
	450,153	443,257

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.

The amount due from a subsidiary of HK$18,450,000 (2008: HK$21,687,000), denominated in Hong Kong Dollars, has no fixed terms of payment and is unsecured and interest-free.

9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(a) Particulars of subsidiaries

The following is the list of the principal subsidiaries at 31 December 2009:

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

(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

As at 31 December 2009, the Group has contributed HK$15,526,000 (2008: HK$10,148,000) to the Trust for the shares not yet vested and the amount was recorded as "Capital Contribution to Shares Award Trust" in the Company's statement of financial position.

10. INTEREST IN A JOINTLY CONTROLLED ENTITY

The Group has a 50% interest in a jointly controlled entity, DISH-HD Asia Satellite Limited and its subsidiaries which provides high definition Direct-to-Home satellite television services.

	2009 HK$'000	2008 HK$'000
Unlisted shares, at cost (Note a)	**136,500**	–
Share of losses	**(12,242)**	–
	124,258	–
Loan to the jointly controlled entity (Note b)	**7,800**	–
	132,058	–

Notes :

(a) At 31 December 2009, the entire balance of HK$136,500,000 was held under the escrow account pursuant to the joint venture agreement. The balance will be released to the jointly controlled entity upon completion of the issues of shares to the shareholders.

(b) The shareholder's loan was provided by the Group in the form of a line of credit through the provision of satellite transponder capacity. The amount, denominated in United States Dollars, is unsecured and interest free and has no fixed terms of repayment.

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
DISH-HD Asia Satellite Limited	Cayman Islands, limited liability company	Investment holding Hong Kong	2 shares of Class A Common Share of US$1 each	50%
Power Star Limited	Hong Kong, limited liability company	Provision of Direct-to-Home satellite television service, Hong Kong	1 ordinary share of HK$1 each	50%

10. INTEREST IN A JOINTLY CONTROLLED ENTITY (CONTINUED)

The Group's share of the results of the jointly controlled entity, which is unlisted, and its aggregate assets and liabilities are as follows:

	2009 HK$'000	2008 HK$'000
Non-current assets	**31,703**	–
Current assets	**111,642**	–
Non-current liabilities	**(3,900)**	–
Current liabilities	**(15,187)**	–
	124,258	–
Income	**16**	–
Expenses	**(12,258)**	–
Net loss for the year	**(12,242)**	–

11. AMOUNT PAID TO TAX AUTHORITY - GROUP

At 31 December 2009, an amount of approximately HK$204,810,000 (2008: HK$204,810,000) had been paid to the Government of India. For details, please refer to Note 31.

12. TRADE AND OTHER RECEIVABLES – GROUP

	2009 HK$'000	2008 HK$'000
Trade receivables	**131,832**	157,871
Trade receivables from related parties (Note 34(e))	**37,774**	–
Less: provision for impairment of trade receivables	**(31,109)**	(36,265)
Trade receivables – net	**138,497**	121,606
Other receivables	**92,783**	65,804
Other receivables from related parties (Note 34(e))	**5,071**	29,832
Deposits and prepayments	**176,514**	17,372
Less: provision for impairment of other receivables	**(1,940)**	–
	410,925	234,614

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 and United States Dollars on which there is no significant foreign exchange risk (Note 3.1(a)).

The Group generally bills its trade customers quarterly in advance in accordance with its agreements. The ageing analysis of trade receivables is stated as follows:

	2009 HK$'000	2008 HK$'000
0 to 30 days	**60,850**	43,065
31 to 60 days	**24,610**	14,472
61 to 90 days	**24,482**	32,557
91 to 180 days	**22,217**	39,504
181 days or above	**37,447**	28,273
	169,606	157,871

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.

12. TRADE AND OTHER RECEIVABLES – GROUP (CONTINUED)

As of 31 December 2009, trade receivables of HK$31,109,000 (2008: HK$36,265,000) 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:

	2009 **HK$'000**	2008 HK$'000
0 to 30 days	**891**	63
31 to 60 days	**688**	118
61 to 90 days	**989**	12,310
91 to 180 days	**1,623**	8,757
181 days or above	**26,918**	15,017
	31,109	36,265

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

	2009 **HK$'000**	2008 HK$'000
At 1 January	**36,265**	19,115
Provision for impairment of receivables	**25,566**	30,756
Amount written off	**(2,034)**	(4,366)
Write back of provision for impairment	**(28,688)**	(9,240)
At 31 December	**31,109**	36,265

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.

12. 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:

	2009 HK$'000	2008 HK$'000
0 to 30 days	**59,959**	43,002
31 to 60 days	**23,922**	14,354
61 to 90 days	**23,493**	20,247
91 to 180 days	**20,594**	30,747
181 days or above	**10,529**	13,256
	138,497	121,606

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.

As of 31 December 2009, the other receivables contained an amount of HK$1,940,000 (2008: HK$ Nil) which was impaired and provided for.

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

13. INVENTORIES – GROUP

	2009 HK$'000	2008 HK$'000
Merchandise	**3,888**	2,767
Provision for impairment	**(147)**	–
	3,741	2,767

The cost of inventories recognised as expense and included in cost of services amounted to HK$7,938,000 (2008: HK$9,585,000).

14. CASH AND CASH EQUIVALENTS – GROUP

	2009 HK$'000	2008 HK$'000
Cash at bank and on hand	**46,410**	35,021
Short-term bank deposits	**1,437,302**	2,410,450
	1,483,712	2,445,471

The effective interest rate on short-term bank deposits was 1.2% (2008: 3.3%); these deposits have an average maturity of 39 days (2008: 28 days).

Cash includes the following for the purposes of the statement of cash flows:

	2009 HK$'000	2008 HK$'000
Cash and cash equivalents	**1,483,712**	2,445,471

15. SHARE CAPITAL

	2009		2008	
	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

15. SHARE CAPITAL (CONTINUED)

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.

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 1,119,427 shares (2008: 606,730 shares) have been awarded to executive directors and employees at no consideration. A total of 265,030 shares (2008: 130,780 shares) at a cost of HK$3,623,000 (2008: HK$1,852,000) were vested during the year.

The number of shares awarded to and vested in the executive directors was 316,270 shares (2008: 167,673 shares) and 80,196 shares (2008: 24,268 shares) respectively for the year ended 31 December 2009.

15. SHARE CAPITAL (CONTINUED)

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

	2009		2008	
	Average fair value HK$ per share	**Number of Award Shares**	Average fair value HK$ per share	Number of Award Shares
At 1 January		**1,158,101**		821,584
Awarded	**8.97**	**1,119,427**	11.00	606,730
Forfeited		**–**	14.57	(139,433)
Vested	**13.67**	**(265,030)**	14.16	(130,780)
At 31 December		**2,012,498**		1,158,101

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

	2009		2008	
	Value HK$'000	**Number of Shares held**	Value HK$'000	Number of Shares held
At 1 January	**9,440**	**690,720**	686	46,000
Purchase during the year	**10,069**	**905,500**	10,606	775,500
Shares vested during the year	**(3,623)**	**(265,030)**	(1,852)	(130,780)
At 31 December	**15,886**	**1,331,190**	9,440	690,720

The remaining vesting periods of the Award Shares outstanding as at 31 December 2009 are between 2.5 years to 4.5 years.

16. OTHER RESERVES - GROUP

	Share Premium HK$'000	Share-based payment reserve HK$'000	Share held under Share Award Scheme HK$'000	Total HK$'000
At 1 January 2008	17,866	2,089	(686)	19,269
Share-based payment	–	3,818	–	3,818
Purchase of shares under Share Award Scheme	–	–	(10,606)	(10,606)
Shares vested under Share Award Scheme	–	(1,852)	1,852	–
At 31 December 2008	17,866	4,055	(9,440)	12,481
At 1 January 2009	17,866	4,055	(9,440)	12,481
Share-based payment	–	5,141	–	5,141
Purchase of shares under Share Award Scheme	–	–	(10,069)	(10,069)
Shares vested under Share Award Scheme	–	(3,623)	3,623	–
At 31 December 2009	**17,866**	**5,573**	**(15,886)**	**7,553**

17. DEFERRED REVENUE - GROUP

	2009 HK$'000	2008 HK$'000
The maturity of deferred revenue is as follows:		
Within one year	**152,172**	149,601
More than one year	**122,504**	102,179
	274,676	251,780

18. OBLIGATIONS UNDER FINANCE LEASES - GROUP

At 31 December 2009, the Group has obligations under finance leases repayable as follows:

	Minimum lease payment		Present value of minimum lease payments	
	2009	2008	**2009**	2008
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**11**	100	**10**	87
In the second to fifth years inclusive	**8**	19	**7**	17
	19	119	**17**	104
Less: future finance charges	**(2)**	(15)	**–**	–
Present value of lease obligations	**17**	104	**17**	104

Finance lease obligations are denominated in Hong Kong Dollars.

19. DEFERRED INCOME TAX - GROUP

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2009	2008
	HK$'000	HK$'000
Deferred tax assets:		
- Deferred tax assets to be recovered within 12 months	**(21,985)**	–
Deferred tax liabilities:		
- Deferred tax liabilities to be recovered after more than 12 months	**242,522**	172,631
Deferred tax liabilities (net)	**220,537**	172,631

19. DEFERRED INCOME TAX - GROUP (CONTINUED)

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

	2009 **HK$'000**	2008 HK$'000
Beginning of the year	**172,631**	189,048
Recognised in the consolidated statement of comprehensive income (Note 24)	**47,906**	(16,417)
End of the year	**220,537**	172,631

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

Deferred tax liabilities/(assets):

	Accelerated tax depreciation HK$'000	Share-based payment reserve HK$'000	Tax loss HK$'000	Total HK$'000
At 1 January 2008	189,048	–	–	189,048
Recognised in the statement of comprehensive income	(16,417)	–	–	(16,417)
At 31 December 2008	172,631	–	–	172,631
Recognised in the statement of comprehensive income	69,891	(460)	(21,525)	47,906
At 31 December 2009	**242,522**	**(460)**	**(21,525)**	**220,537**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$21,258,000 (2008: HK$22,848,000) in respect of losses amounting to HK$128,836,000 (2008: HK$138,470,000), in respect of a subsidiary, that can be carried forward against future taxable income. These losses do not expire under the current tax legislation.

20. OTHER GAINS – NET

	2009 HK$'000	2008 HK$'000
Interest income	**18,452**	66,278
Net gain on disposals of property, plant and equipment	**200**	123
Others	**1,923**	1,675
	20,575	68,076

21. EXPENSES BY NATURE

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

	2009 HK$'000	2008 HK$'000
Auditors' remuneration	**1,300**	1,300
Bad debts written off	**269**	608
Provision/(Write back) for impairment		
- Intangible assets – Licences (Note 8)	**1,166**	–
- Property, plant and equipment (Note 7)	**2,781**	–
- Trade receivables (Note 12)	**(3,122)**	21,516
- Other receivables (Note 12)	**1,940**	–
- Inventories (Note 13)	**147**	–
Depreciation and amortisation		
- Intangible assets – Licences (Note 8)	**80**	161
- Property, plant and equipment (Note 7)	**264,691**	304,269
Employee benefit expense (Note 22)	**134,214**	116,797
Operating leases		
- premises	**9,391**	7,399
- leasehold land and land use rights (Note 6)	**583**	583
Net exchange loss/(gain) (Note 25)	**2,433**	(2,311)

22. EMPLOYEE BENEFIT EXPENSE

	2009 HK$'000	2008 HK$'000
Salary and other benefits, including directors' remuneration	**122,970**	107,356
Share-based payment	**5,141**	3,818
Pension costs – defined contribution plans	**6,103**	5,623
Total staff costs	**134,214**	116,797

	2009	2008
Number of employees	**163**	154

(a) Pensions – defined contribution plans

Forfeited contributions totaling HK$25,000 (2008: HK$380,000) 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 2009 and 31 December 2008.

22. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2009 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
Sherwood P. DODGE (b) & (e)	180	–	–	–	–	–	180
MI Zeng Xin (d)	200	–	–	–	–	–	200
Mark CHEN (e)	100	–	–	–	–	–	100
John F. CONNELLY (e)	150	–	–	–	–	–	150
DING Yu Cheng (d)	100	–	–	–	–	–	100
GUAN Yi (b) & (d)	90	–	–	–	–	–	90
Ronald J. HERMAN, Jr. (c) & (e)	20	–	–	–	–	–	20
JU Wei Min (d)	100	–	–	–	–	–	100
KO Fai Wong (c) & (d)	10	–	–	–	–	–	10
Nancy KU (e)	100	–	–	–	–	–	100
Edward CHEN	325	–	–	–	–	–	325
Robert SZE	350	–	–	–	–	–	350
James WATKINS	325	–	–	–	–	–	325
Peter JACKSON	–	3,880	3,300	2,206	582	1,396	11,364
William WADE	–	2,333	1,838	1,723	350	473	6,717
Total	2,050	6,213	5,138	3,929	932	1,869	20,131

22. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' emoluments (continued)

The remuneration of every Director for the year ended 31 December 2008 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
MI Zeng Xin (d)	200	–	–	–	–	–	200
Ronald J. HERMAN, Jr. (c) & (e)	200	–	–	–	–	–	200
Mark CHEN (e)	100	–	–	–	–	–	100
John F. CONNELLY (e)	150	–	–	–	–	–	150
DING Yu Cheng (d)	100	–	–	–	–	–	100
JU Wei Min (d)	100	–	–	–	–	–	100
KO Fai Wong (c) & (d)	100	–	–	–	–	–	100
Nancy KU (e)	100	–	–	–	–	–	100
Edward CHEN	325	–	–	–	–	–	325
Robert SZE	350	–	–	–	–	–	350
James WATKINS	325	–	–	–	–	–	325
Peter JACKSON	–	3,880	2,522	2,104	582	688	9,776
William WADE	–	2,333	1,225	1,821	350	514	6,243
Total	2,050	6,213	3,747	3,925	932	1,202	18,069

Notes:

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

(b) Appointed on 6 February 2009.

(c) Resigned on 6 February 2009.

(d) Paid to a subsidiary of CITIC.

(e) Paid to a subsidiary of GE.

22. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2008: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2008: three) individuals during the year are as follows:

	2009 HK$'000	2008 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	9,714	9,641
Employer's contribution to pension scheme	748	748
Performance related bonuses	5,664	3,500
Share-based payment	1,474	935
	17,600	14,824

The emoluments fell within the following bands:

	Number of individuals	
	2009	2008
Emolument bands		
HK$4,500,001 - HK$5,000,000	–	2
HK$5,000,001 – HK$5,500,000	1	1
HK$5,500,001 – HK$6,000,000	1	–
HK$6,000,001 – HK$6,500,000	1	–
	3	3

23. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest expense:		
- asset retirement obligations	96	98
- obligations under finance leases	13	16
	109	114

24. 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% (2008: 16.5%) on the estimated assessable profit for the year.

Overseas tax, including the Foreign Enterprises Income Tax in the People's Republic of China, is calculated at 7% to 20% of the gross revenue earned in certain overseas jurisdictions.

Details of deferred taxation are set out in Note 19.

The Group currently has a tax case in dispute with the Indian tax authorities. Details of this are set out in Note 31.

	2009 HK$'000	2008 HK$'000
Current income tax		
- Hong Kong profits tax	382	43,649
- Refund of Hong Kong profits tax	(1,965)	–
- Overseas taxation	12,879	9,377
Total current tax	11,296	53,026
Deferred income tax (Note 19)		
- Current year	47,906	(5,614)
- Impact of change in Hong Kong profits tax rate	–	(10,803)
Total deferred tax	47,906	(16,417)
Income tax expense	59,202	36,609

24. INCOME TAX EXPENSE (CONTINUED)

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:

	2009 HK$'000	2008 HK$'000
Profit before income tax	**582,583**	520,567
Tax calculated at tax rate of 16.5% (2008: 16.5%)	**96,126**	85,894
Tax effect of income not subject to income tax	**(90,552)**	(89,829)
Tax effect of expenses not deductible for tax purposes	**42,978**	42,109
Tax effect on unrecognised timing differences by a subsidiary	**(852)**	(440)
Tax effect of tax losses of a jointly controlled entity not recognised	**2,020**	–
Effect of income tax rate differential between Hong Kong and overseas locations	**12,879**	9,377
Tax losses for which no deferred income tax asset was recognised	**–**	301
Utilisation of previously unrecognised tax losses by a subsidiary	**(1,432)**	–
Remeasurement of deferred tax – change in Hong Kong profits tax rate	**–**	(10,803)
Refund of Hong Kong profits tax	**(1,965)**	–
Tax expense	**59,202**	36,609

The effective tax rate of the Group was 10.2% (2008: 7.0%).

25. NET FOREIGN EXCHANGE LOSS / (GAIN)

The exchange differences charged/(credited) to the consolidated statement of comprehensive income are included as follows:

	2009 HK$'000	2008 HK$'000
Administrative expenses	**2,433**	(2,311)

26. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK$154,500,000 (2008: HK$156,927,000).

27. EARNINGS PER SHARE

Basic

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

	2009 HK$'000	2008 HK$'000
Profit attributable to equity holders of the Company	**525,215**	484,887
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,303**	390,722
Basic earnings per share (HK$ per share)	**1.35**	1.24

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

27. 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.

	2009	2008
	HK$'000	HK$'000
Profit used to determine diluted earnings per share	**525,215**	484,887
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,303**	390,722
Effect of Award Shares (in thousands)	**925**	358
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	**391,228**	391,080
Diluted earnings per share (HK$ per share)	**1.34**	1.24

28. DIVIDENDS

The dividends paid in 2009 and 2008 were HK$152,266,000 (HK$0.39 per share) and HK$152,415,000 (HK$0.39 per share) respectively. The directors recommend the payment of a final dividend of HK$0.32 per share, totalling HK$0.40 per share. Such dividend is to be approved by the shareholders at the Annual General Meeting on 25 May 2010. These financial statements do not reflect this dividend payable.

	2009 **HK$'000**	2008 HK$'000
Interim dividend paid of HK$0.08 (2008 : HK$0.08) per ordinary share	**31,295**	31,295
Proposed final dividend of HK$0.32 (2008: HK$0.31) per ordinary share	**125,183**	121,271
	156,478	152,566

The aggregate amounts of the dividends paid and proposed during 2009 and 2008 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

29. CASH FLOWS FROM THE OPERATIONS

	2009 HK$'000	2008 HK$'000
Profit for the year	**523,381**	483,958
Adjustments for:		
- Tax (Note 24)	**59,202**	36,609
- Bad debts written off (Note 21)	**269**	608
- Provision for impairment		
- Trade receivables (Note 21)	**(3,122)**	21,516
- Intangible assets – Licences (Note 8)	**1,166**	—
- Property, plant and equipment (Note 7)	**2,781**	—
- Other receivables (Note 12)	**1,940**	—
- Inventories (Note 13)	**147**	—
- Share-based payment (Note 22)	**5,141**	3,818
- Amortisation of prepaid operating lease payments (Note 6)	**583**	583
- Depreciation (Note 7)	**264,691**	304,269
- Amortisation of licences (Note 8)	**80**	161
- Net gain on disposals of property, plant and equipment (see below)	**(200)**	(123)
- Gain on disposal of an associate	**(1,678)**	—
- Write back of provision for asset retirement obligations	**—**	(1,675)
- Interest income (Note 20)	**(18,452)**	(66,278)
- Finance costs (Note 23)	**109**	114
- Share of losses from a jointly controlled entity (Note 10)	**12,242**	—
Changes in working capital:		
- Unbilled receivable	**9,141**	9,441
- Amount paid to tax authority	**—**	(37,519)
- Inventories	**(1,121)**	883
- Trade and other receivables	**(184,669)**	(87,603)
- Other payables and accrued expenses	**39,703**	8,996
- Deferred revenue	**22,895**	(19,847)
Cash flows from the operations	**734,229**	657,911

29. CASH FLOWS FROM THE OPERATIONS (CONTINUED)

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

	2009 HK$'000	2008 HK$'000
Net book amount (Note 7)	**1,350**	86
Net gain on disposals of property, plant and equipment	**200**	123
Proceeds from disposals of property, plant and equipment	**1,550**	209

30. FINANCIAL INSTRUMENTS BY CATEGORY

Group

	Loans and receivables	
	2009 HK$'000	2008 HK$'000
Assets as per consolidated statement of financial position		
Trade and other receivables excluding prepayments	**387,350**	223,452
Cash and cash equivalents (Note 14)	**1,483,712**	2,445,471
Total	**1,871,062**	2,668,923

30. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Group (continued)

	Financial liabilities at amortised cost	
	2009	2008
	HK$'000	HK$'000
Liabilities as per consolidated statement of financial position		
Obligation under finance leases	**17**	104
Construction payables	**58,162**	9,634
Other payables and accrued expenses – current	**158,003**	119,452
Other payables – non-current	**2,006**	1,910
Total	**218,188**	131,100

Company

	Loans and receivables	
	2009	2008
	HK$'000	HK$'000
Assets as per statement of financial position		
Amount due from a subsidiary	**18,450**	21,687

	Financial liabilities at amortised cost	
	2009	2008
	HK$'000	HK$'000
Liabilities as per statement of financial position		
Other payables and accrued expenses	**4,483**	4,228

31. CONTINGENCIES

Under Indian tax regulations, the Group may be subject to Indian tax on revenues received by the Group in respect of income from the provision of satellite transponder capacity to the Group's customers for purposes of those customers carrying on business in India or earning income from any source in India.

As of 31 December 2009, the Indian tax authorities have assessed the Group for tax as follows:

Assessment year	Amount HK$'000 (approximate)	Amount INR'000 (approximate)
1997-98	13,000	77,000
1998-99	23,000	141,000
1999-00	22,000	127,000
2000-01	15,000	84,000
2001-02	29,000	171,000
2002-03	37,000	211,000
2003-04	53,000	313,000
2004-05	44,000	253,000
2005-06	49,000	265,000
Total	285,000	1,642,000

All the assessment orders were issued in Indian Rupee. The assessed amounts were converted to Hong Kong Dollars at the exchange rate on 31 December 2009.

The Group has filed appeals for each of the assessment years 1997-98 to 2005-06.

The Indian tax authorities issued draft assessment orders for the assessment years 2006-07 and 2007-08 in December 2009. However, there was no demand of tax under the draft assessment orders. The Group has filed objections in respect of each of the two draft assessment orders before the Dispute Resolution Panel ("DRP"), a unit within the Indian tax authorities which is newly set up to handle tax disputes. There will be no demand of tax from the Indian tax authorities until the draft assessment orders for both years have been finalized by the DRP after considering the Group's objections.

No assessment has yet been made for the assessment years 2008-09 or 2009-10.

31. CONTINGENCIES (CONTINUED)

The Income Tax Appellant Tribunal (the "Tribunal") in an earlier appeal filed against the original assessment for the assessment year 1997-98 held that the Group is liable for Indian tax under certain circumstances. The Group does not believe that it is liable for the Indian tax as held by the Tribunal and has filed an appeal against the Tribunal's decision. The tax authorities have also filed an appeal against the Tribunal's decision. Both appeals have been admitted by the High Court in New Delhi. The Group has also filed an appeal before the High Court in January 2009 against the order of the Tribunal on the issue of quantification of income. This appeal has also been admitted by the High Court. The hearings at the High Court commenced in November 2009 and are in progress. Based on the consultation with two independent senior Indian counsels and an Indian tax advisor, the Group is of the view that it has strong grounds to successfully argue before the Indian Courts that it is not liable to tax in India. Accordingly, no provision has been recognised for Indian tax in the Group's financial statements.

In order to obtain a stay of recovery proceedings in respect of demand of interest, the Group has made payments as of 31 December 2009 as follows and has recorded these payments as an asset on the assumption that the amounts are recoverable.

Assessment year	Amount HK$'000 (approximate)	Amount INR'000 (approximate)
1997-98	13,000	77,000
1998-99	14,000	88,000
1999-00	11,000	62,000
2000-01	9,000	50,000
2001-02	20,000	119,000
2002-03	27,000	148,000
2003-04	39,000	226,000
2004-05	34,000	195,000
2005-06	38,000	199,000
Total	205,000	1,164,000

31. CONTINGENCIES (CONTINUED)

Subsequent to the year ended 31 December 2009, the Group has made two further interest payments totaling INR95,920,000 (equivalent to approximately HK$16,400,000) to the Indian tax authorities pursuant to the order received from the Tribunal in respect of the Group's application of a stay of demand of interest in January 2010. The total amount assessed of INR1,642,000,000 (equivalent to approximately HK$285,000,000) as disclosed above is inclusive of these interest payments.

32. MAJOR NON-CASH TRANSACTIONS

There were no major non-cash transactions during 2008 and 2009.

33. COMMITMENTS - GROUP

Capital commitments

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

	2009 **HK$'000**	2008 HK$'000
AsiaSat 5		
Contracted but not provided for	–	250,191
Authorised but not contracted for	–	286,318
AsiaSat 7 (formerly AsiaSat 5C)		
Contracted but not provided for	**333,869**	–
Authorised but not contracted for	**167,442**	–
Other assets		
Contracted but not provided for	**5,506**	10,388
	506,817	546,897

33. COMMITMENTS - GROUP (CONTINUED)

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 21.

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

	2009 **HK$'000**	2008 HK$'000
Not later than 1 year	**13,230**	9,463
Later than 1 year and not later than 5 years	**7,092**	12,513
	20,322	21,976

Operating lease commitments – Group company as lessor

The Group leased 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 revenue' in the consolidated statement of comprehensive income during the year was HK$2,064,000 (2008: HK$184,000).

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

	2009 **HK$'000**	2008 HK$'000
Not later than 1 year	**2,208**	–
Later than 1 year and not later than 5 years	**4,646**	–
	6,854	–

34. RELATED PARTY TRANSACTIONS

At 31 December 2009, 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 ("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.

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 Group has also entered into agreements for the provision of satellite transponder capacity to CITIC Guoan Information Industry Company Limited, a subsidiary of CITIC, and Power Star Limited, a subsidiary of the jointly controlled entity.

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

	2009 HK$'000	2008 HK$'000
CITICSat	54,193	—
CITIC Guoan Information Industry Company Limited	770	1,250
Power Star Limited	7,800	—
	62,763	1,250

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(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.

	2009 HK$'000	2008 HK$'000
Power Star Limited	**2,333**	–

(b) Agency fee

In 2008, the Group had entered into an agreement with CITIC Technology Company Limited, a subsidiary of CITIC, for collecting money from China customers on behalf of the Group. There was no such arrangement in 2009.

	2009 HK$'000	2008 HK$'000
CITIC Technology Company Limited	**–**	74

(c) 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.

	2009 HK$'000	2008 HK$'000
CITICSat	**11,208**	–

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Key management compensation

	2009 HK$'000	2008 HK$'000
Salaries and other short-term employee benefits	**53,804**	45,327
Share-based payment	**3,505**	2,311
	57,309	47,638

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

	2009 HK$'000	2008 HK$'000
A subsidiary of CITIC	**500**	500
A subsidiary of GE	**550**	550
	1,050	1,050

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Year end balances arising from these transactions

	2009 HK$'000	2008 HK$'000
Trade receivables from related parties (Note 12):		
CITIC Guoan Information Industry Company Limited	**821**	–
CITICSat	**36,953**	–
	37,774	–
Less: provision for impairment (see Note below)	**(1,365)**	–
	36,409	–
Other receivables from related parties (Note 12):		
CITIC Technology Company Limited	**–**	29,832
DISH-HD Asia Satellite Limited	**5,071**	–
	5,071	29,832
Loan to a jointly controlled entity:		
DISH-HD Asia Satellite Limited (Note 10)	**7,800**	–
Payables to related parties:		
CITIC Technology Company Limited	**–**	525
CITICSat	**3,196**	–
	3,196	525
Deferred revenue in relation to related parties:		
CITICSat	**40,703**	–

34. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Year end balances arising from these transactions (continued)

The receivables from and payables to related parties have no fixed terms of payment. 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:

A provision for impairment has been made on the amount due from CITICSat based on management assessment on the recoverability of trade receivables of CITICSat to whom the Group provided services under the arrangement as described in (a) above.

35. EVENTS AFTER THE REPORTING PERIOD

Apart from the subsequent events as disclosed in Note 31 to these financial statements, there have been no other material events occurring after the reporting date.

Financial Summary

	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009 HK$'000**
Results					
Sales	879,705	929,902	939,273	1,031,697	**1,162,918**
Profit from ordinary activities before taxation	416,635	508,927	556,868	520,567	**582,583**
Taxation	(51,270)	(55,522)	(53,953)	(36,609)	**(59,202)**
Profit after taxation	365,365	453,405	502,915	483,958	**523,381**
Minority interests	819	604	482	929	**1,834**
Profits attributable to equity holders	366,184	454,009	503,397	484,887	**525,215**
Earnings per share:					
Basic	HK$0.94	HK$1.16	HK$1.29	HK$1.24	**HK$ 1.35**
Diluted	HK$0.94	HK$1.16	HK$1.29	HK$1.24	**HK$ 1.34**
Assets and liabilities					
Total assets	4,683,530	5,091,212	5,540,005	5,778,013	**6,289,617**
Total liabilities	(573,805)	(664,675)	(733,017)	(646,270)	**(791,687)**
Shareholders' equity	4,109,725	4,426,537	4,806,988	5,131,743	**5,497,930**

Independent Auditor's Report

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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 54 to 126, which comprise the consolidated and company balance sheets as at 31 December 2009, 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 notes.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 of 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 whether the financial statements are free from material misstatement.

AUDITOR'S RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 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 the Group as at 31 December 2009 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, 26 March 2010

Shareholder Information

EXPECTED TIMETABLE

Financial year ended 31 December 2009

Annual General Meeting	25 May 2010
Final dividend payable	31 May 2010

Financial year ending 31 December 2010

Interim results announcement	August 2010
Interim dividend payable	November 2010
Annual results announcement	March 2011
Report and financial statements published	April 2011
Annual General Meeting	May 2011
Final dividend payable	May 2011

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Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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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.

Shareholder Information

LISTING

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

DIVIDEND

Subject to approval by shareholders at the forthcoming Annual General Meeting, the proposed final dividend for the year ended 31 December 2009 will be payable on or about 31 May 2010.

ORDINARY SHARES

Shares outstanding as at 31 December 2009: 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 AND FINANCIAL STATEMENTS 2009

Copies of annual report and financial statements 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

Shareholder Information

WEBSITE

http://www.asiasat.com

Annual/Interim reports and financial statements are available on line.

COMPANY CONTACT

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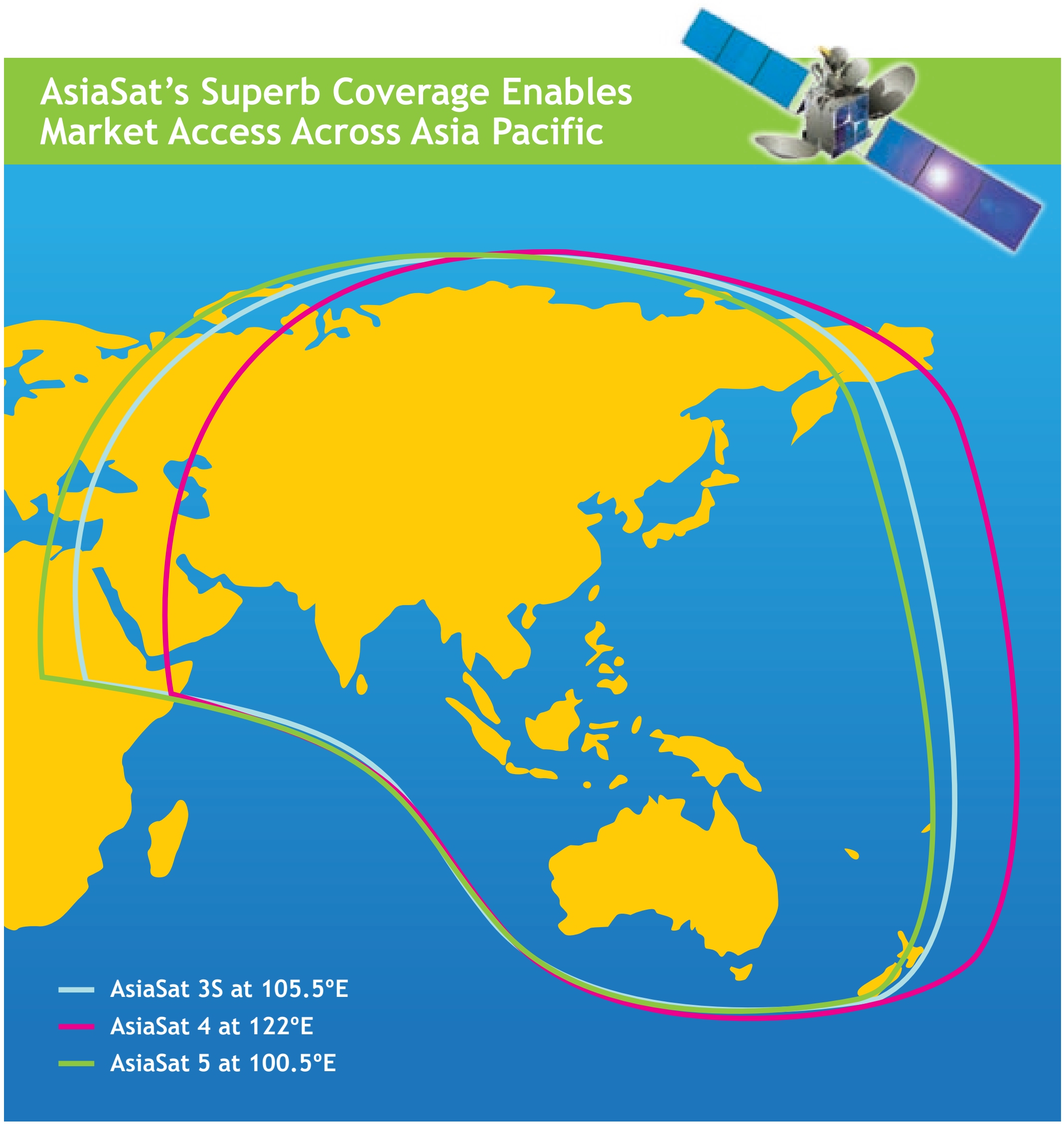
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