ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

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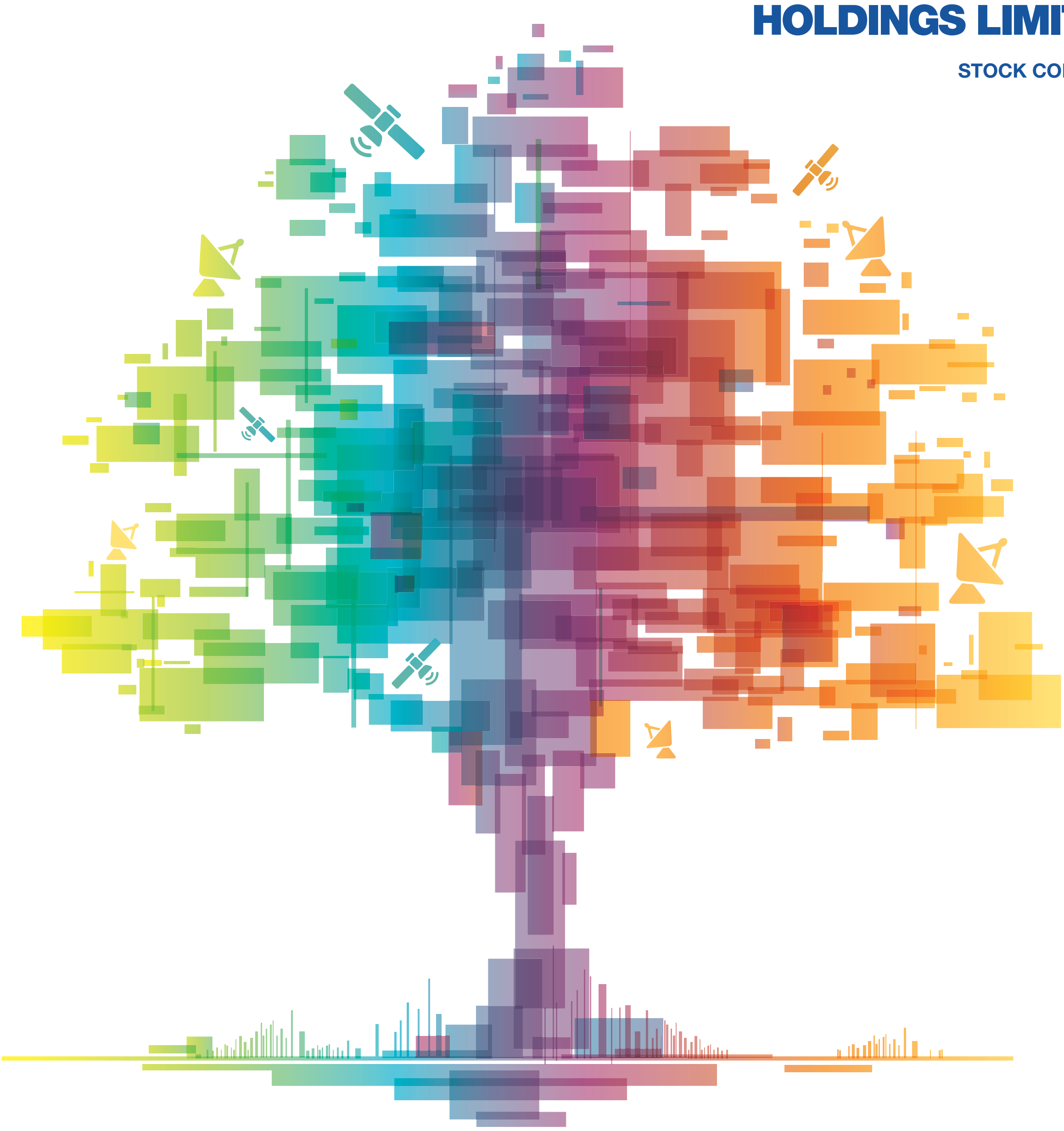


PLANTED FIRMLY IN ASIA'S GROWTH MARKETS

ANNUAL REPORT 2011

Contents

About AsiaSat

Asia Satellite Telecommunications Holdings Limited (the "Company") indirectly owns Asia Satellite Telecommunications Company Limited ("AsiaSat") and other subsidiaries (collectively the "Group") and is listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange") (Stock Code 1135).

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

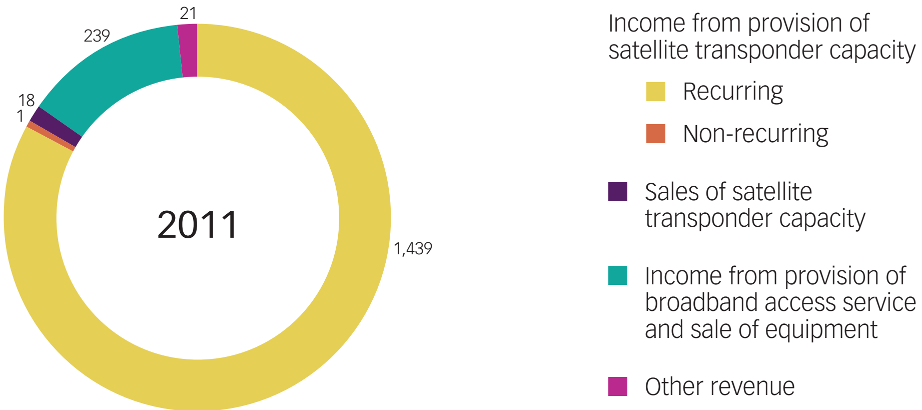
The Company's strategy is to maximise the return from its core business of satellite transmission services while exploring convergence opportunities in satellite related new growth industries.

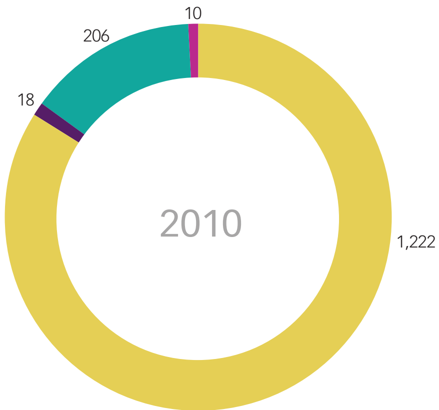
www.asiasat.com

Financial Highlights

		2011	2010	Change
Turnover	HK$M	1,718	1,456	+18%
Profits attributable to owner of the Company	HK$M	823	695	+18%
Dividend	HK$M	31	207	-85%
Capital and reserves	HK$M	6,677	6,045	+10%
Earnings per share	HK cents	211	178	+18%
Dividend per share	HK cents	8	53	-85%
Dividend cover	Times	26.4	3.4	+676%
Return on equity	Percent	12	11	+1%
Net assets per share — book value	HK cents	1,707	1,545	+10%

ANALYSIS OF SALES BY BUSINESS (HK$M)





Corporate Information

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

JU Wei Min *(appointed on 1 February 2012)*
Sherwood P. DODGE *(re-designated as Deputy Chairman on 1 February 2012)*

EXECUTIVE CHAIRMAN

Peter JACKSON *(retired on 31 July 2011)*

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sherwood P. DODGE *(re-designated on 1 February 2012)*

EXECUTIVE DIRECTOR

William WADE *(President and Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward CHEN
Robert SZE
James WATKINS

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

William WADE
Sue YEUNG

AUDITOR

PricewaterhouseCoopers

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited

OTHER BANKERS

China Construction Bank (Asia) Corporate Limited
Citibank N.A., Hong Kong Branch
DBS Bank Limited (Hong Kong Branch)
Standard Chartered Bank (Hong Kong) Limited

PRINCIPAL SOLICITORS

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

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE

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

Chairman's Statement

YET ANOTHER YEAR OF RECORD RESULTS

I am pleased to start my first year as Chairman of AsiaSat by announcing record results for the year ending 31 December 2011, especially as this follows a record performance the year before.

Growth for the period under review was driven mainly by continuing general demand for satellite capacity, translating into growth for our core transponder-leasing business. Also there was strong performance from wholly-owned subsidiary, SpeedCast Holdings Limited ("SpeedCast").

Generally favorable economic conditions in the region continued in the second half-year maintaining stability across much of our customer base. Solid performance was seen in the broadcast, content provision and telecommunications sectors, while broadband service providers and occasional-use clients engaged in satellite news gathering experienced healthy demand.

Economic turbulence in various parts of the world appeared to have little impact on the majority of our Asian customers, many of whom spent the year expanding their businesses and offering increasingly more content and services to end users. 2011 saw new services emerging in video and telecommunications — largely as a result of a surge in demand for capacity to address the rapidly-growing Direct-to-Home (DTH) market and the trend towards High Definition Television (HDTV) conversion along with a general requirement for capacity for content delivery to new mobile services.

A highlight of the year was the award of the 'Regional Satellite Operator of the Year' title to AsiaSat at Euroconsult's 8th Annual Awards for Excellence in Satellite Management.

This award recognised industry players for their outstanding achievements and was presided over by a panel of judges comprising experts from Euroconsult, the global satellite research and analyst firm, as well as from the Satellite Finance and Space News publications. Judging criteria was based on key performance indicators such as revenue, profit and EBITDA growth, market penetration, innovation, strategic decisions and market impact.

TURNOVER

Turnover in 2011 was HK$1,718 million (2010: HK$1,456 million), an increase of HK$262 million, representing a rise of 18% compared with the previous year. The increase came from the continued growth of our core business, bolstered by winning significant contracts from new customers. In addition, SpeedCast, our wholly-owned subsidiary, reported revenue of HK$239 million (2010: HK$206 million), as a result of steady demand from customers in the broadband and maritime sectors.

Chairman’s Statement

PROFIT

Profit attributable to shareholders for 2011 was HK$823 million (2010: HK$695 million), representing an increase of 18% compared with 2010. This was primarily the result of strong revenue growth, greater interest income and careful management of expenses during the year.

OPERATING EXPENSES

Operating expenses in 2011, excluding depreciation and amortisation, were up at HK$375 million (2010: HK$313 million). The rise was mainly the result of net provision for impairment of trade receivables of HK$37 million, an increase in staff costs of HK$35 million because of additional headcount and salary increment, which was offset by a China business tax refund of HK$12 million.

DEPRECIATION

Depreciation in 2011 was HK$345 million (2010: HK$343 million), close to last year.

CASH FLOW

During 2011, the Group experienced net cash outflow of HK$20 million (2010: Inflow of HK$802 million) after capital expenditure of HK$975 million (2010: HK$602 million) and dividends of HK$207 million (2010: HK$156 million). As of 31 December 2011, the Group reported a cash and cash equivalents balance of HK$2,266 million (2010: HK$2,286 million).

The Group continues to be debt free.

DIVIDEND

The directors do not recommend the payment of any final dividend for the year ended 31 December 2011.

Chairman's Statement

CORE BUSINESS PERFORMANCE

The Company's satellites continued to provide uninterrupted service to our customers throughout 2011, offering unrivalled coverage of more than 50 countries and serving some two-thirds of the world's population.

The Group's total number of transponders leased or sold as of 31 December 2011 was 108 (31 December 2010: 97) with an overall utilisation rate of 82% (31 December 2010: 73%). This figure includes the six Hong Kong Broadcast Satellite Service (BSS) transponders leased to DISH-HD Asia Satellite.

New contracts won during the period under review amounted to a total value of HK$551 million (2010: HK$986 million), while renewed contracts were worth HK$607 million (2010: HK$864 million). New and renewed contracts combined amounted to HK$1,158 million (2010: HK$1,850 million). The reduction in total new and renewed contract value was mainly the result of shorter terms opted for by new customers and fewer major contracts renewed during 2011.

During the year, AsiaSat achieved solid growth in its core transponder leasing activity and its subsidiary SpeedCast. In addition to the continued demand for video and television programming in the region, our business of delivering content to telecommunications service providers for onward distribution remained steady, thanks largely to the increasing demand for mobile delivered content. This is being driven by government agencies, maritime services and the brisk take-up of smartphones and other handheld devices.

GROWTH IN EMERGING MARKETS

A key growth area has been the development of television services in emerging markets served by AsiaSat. A particular example is India, which was tipped by analysts last year to become the largest DTH satellite services market in the world by 2012.

By the end of 2011, India was reported to have 44 million DTH subscribers with an expectation of having 69 million subscribers in 2014.

In India, AsiaSat provides Ku-band capacity to DTH operators for satellite television services locally, as well as C-band capacity for content distribution to pay-TV and cable television operators across the country.

A loosening of regulations has had the effect of allowing greater access to India's DTH market, while generating pay-TV business opportunities.

ASIASAT 7

Our new AsiaSat 7 satellite was launched in November last year from Baikonur in Kazakhstan, and completed in-orbit testing to verify performance and integrity in early January 2012.

In line with our replacement policy, AsiaSat 7 was launched well ahead of the date on which it must replace AsiaSat 3S. This move was made in order to address launch risk and ensure the smooth and transparent transfer to AsiaSat 7 for our existing AsiaSat 3S customers in advance of the latter's end of life in late 2014. In the meantime, AsiaSat 7 will be used in the interim to provide us business expansion opportunity in new markets before it eventually replaces AsiaSat 3S. Our approach exemplifies AsiaSat's unwavering commitment to quality by assuring customers of service continuity.

ASIASAT 6 AND 8 SATELLITES UNDER CONSTRUCTION

A significant development during 2011, in terms of AsiaSat's ongoing growth trajectory, was the placement of orders with Space Systems/Loral to build AsiaSat 6 and AsiaSat 8.

These new satellites will expand our fleet from four to six satellites, following their launch in the first half of 2014, and will significantly enhance our capability to provide a broader range of services to meet increasing demand for quality satellite capacity in the Asia-Pacific.

In December, AsiaSat strengthened its competitive position in the region by signing a co-operation agreement with Thaicom Public Company Limited ("Thaicom"), the Thailand-based satellite and telecommunications operator. This agreement will enable AsiaSat to access new markets and expand our business scope by providing satellite services from AsiaSat 6 at the 120°E orbital location.

EXPANSION OF TAI PO EARTH STATION IN HONG KONG

Our project to expand AsiaSat's earth station at Tai Po in Hong Kong, scheduled for completion by end of the first quarter 2012, will enable AsiaSat to offer a greater array of value-added services to customers, while providing the Company with future growth opportunities.

The expansion includes the construction of additional infrastructure that will enable the installation of new antennas, allowing us to offer a greater range of services to customers in the broadcast and telecommunications industries.

The improved Tai Po facility will open up new streams of revenue through services that include co-location of equipment, satellite signal uplinking, facilities for disaster recovery and a playout capability for TV service providers.

SPEEDCAST

SpeedCast growth was driven by strong demand for broadband services from markets in developing economies, particularly in the Middle East, where SpeedCast addresses the need for basic telecommunications, military applications and private network requirements.

This wholly-owned subsidiary continues to provide services — mainly for broadband applications — via very small aperture terminals (VSAT) in areas not adequately served by terrestrial infrastructure, as well as at sea.

SpeedCast's turnover for the year ending 31 December 2011 was HK$239 million (2010: HK$206 million), representing an increase of 16%. The Company recorded net profit of HK$26 million for the year (2010: HK$23 million).

DISH-HD ASIA SATELLITE

Agreement was reached in late 2011 to dispose of the Company's stake in DISH-HD Asia Satellite, a joint venture between AsiaSat and EchoStar Corporation, which delivers DTH satellite services to viewers in Taiwan and other markets.

Completion of the transaction is subject to approval from the Hong Kong Broadcasting Authority (will be known as Office of Communications Authority with effect from 1 April 2012). The move to dispose of our stake in the joint venture was based on a strategic business decision prompted by a prolonged period of underperformance. Although AsiaSat has sold its interest in DISH-HD Asia Satellite, we continue to provide capacity and support services for DISH-HD Asia Satellite's ongoing operations.

During 2011, DISH-HD Asia Satellite, which was formed in 2009, continued to incur a loss, of which AsiaSat's share and impairment loss on loan to DISH-HD Asia Satellite was approximately HK$105 million (2010: HK$42 million).

OUTLOOK

Despite the continuing global economic uncertainties, we are cautiously optimistic that AsiaSat's markets will remain stable throughout 2012. We are therefore adopting a positive outlook for the core business in 2012, during which we will continue to develop our business in new and existing markets. Our business will focus chiefly on new opportunities being pursued in relation to continuing growth in HD services and the healthy expansion of the DTH business. Demand for capacity in the expanding telecommunications markets will continue to be a key area for our growth. AsiaSat also plans to capitalise on occasional-use opportunities arising from major events such as the London 2012 Olympic and Paralympic Games and the UEFA EURO 2012 soccer tournament.

OUTLOOK (CONTINUED)

However, we expect significant growth in the near term may be hindered by a number of key factors. As at the end of 2011, utilisation of our satellite fleet had reached 82%. This high level of utilisation will restrict capacity available for major growth until AsiaSat 6 and AsiaSat 8 can be launched in 2014. Our new satellite, AsiaSat 7 will provide limited near term growth opportunities as it will be temporarily used to develop new markets until it eventually replaces AsiaSat 3S. Additionally, with the end of the service life of AsiaSat 2, we will no longer have the positive contribution from its short term lease, resulting in a reduction in revenue when there is little capacity available to compensate for this shortfall. Finally, it still remains to be seen whether economic issues in various parts of the world will begin to have a greater negative impact on the markets in which we operate.

Aside from these factors above, it recently came to the attention of the Group that a new Finance Bill has been proposed in India. This Bill, if passed by the Indian Parliament in May 2012, could have unfavourable consequences to the Group's current tax proceedings in the Indian Courts. In the past, we have obtained favorable judgment from the High Court in India that the Group will not be liable for income tax and we are seeking clarification from our legal and tax advisors on the impact that this new bill may have on the Group's tax position. Further details are provided in the Notes 31 to the Accounts.

Notwithstanding the above, AsiaSat is ideally positioned as Asia Pacific's premier operator and benefits from strong management and sound financial fundamentals. With its strong market presence and healthy balance sheet, AsiaSat will continue to explore opportunities involving partnerships similar to our cooperation with Thaicom, as well as other collaborative ventures and acquisitions that will help to strengthen our foundation for future growth.

DIRECTORS AND SENIOR MANAGEMENT

Following almost two decades with the Company Executive Chairman Mr. Peter Jackson retired from full-time service on 31 July 2011. On 9 January 2012, Mr. Guan Yi resigned as a Non-executive Director of the Company and Mr. Peter Jackson was appointed as a Non-executive Director of the Company. At the same time Mr. Chong Chi Yeung was appointed as an Alternate Director to Mr. Mi Zeng Xin.

I am very pleased to be appointed as the Chairman of the Company as of 1 February 2012 and thank Mr. Sherwood P. Dodge and Mr. Peter Jackson, who both acted as the Chairman during past year. I would also like to thank Mr. Guan Yi for his past service.

Finally, as I take over as Chairman I would like to take this opportunity to thank our customers and equity holders for their continued support, as well as the Board and all staff members for their dedication, professionalism and commitment to success.

JU Wei Min
Chairman

Hong Kong, 22 March 2012

Operations Review

AsiaSat maintained its competitive edge in 2011, thanks largely to a strong brand, and an industry reputation as a provider of premium service.

This has been built on a long history of operational quality, in terms of reliable satellite communications and after-sales service.

A particular strength is the premium video neighbourhood established on our satellite platforms, along with operations served from Asia's prime orbital slots providing excellent penetration across a region stretching from Australasia to the Middle East and Russia.

Stable economic conditions in the region served to stimulate growth across many markets during the period under review. This gave rise to an increase in production of content for distribution, as well as new services, and an increase in business from our telecommunications service customers.

SUPPLY — NEW SATELLITE CAPACITY

New and replacement capacity is expected to become available as more satellites are positioned over Asia. This will have the effect of increasing the aggregate number of transponders in service.

Despite this new capacity, high-quality C-band transponders in Asia remain in short supply, and AsiaSat is well placed — as one of the earliest operators in the Asian market with well coordinated C-band slots that provide a competitive advantage.

An equally critical success factor is our ability to offer instantaneous and reliable access to most hotels, cable operators, Direct-to-Home (DTH) platforms and other pay-TV platforms in the region. This, coupled with a reputation for reliability and attention to detail over the past 22 years, has given rise to a continued strengthening of AsiaSat's relationships with leading broadcast customers. Despite the fiercely-competitive nature of our industry, we are confident of maintaining market leadership.

DEMAND

Content providers are looking to satisfy a growing appetite for High Definition Television (HDTV), while simultaneously meeting continued strong demand for Standard Definition (SD) programming.

In addition, production of 3D programming is expected to gather pace in the Asia-Pacific region over time. This, coupled with the increasing availability of 3D TV sets, is likely to eventually boost the demand already exerted on our industry by expanding DTH satellite and Internet Protocol Television (IPTV) platforms throughout the region.

Operations Review

MARKET STRATEGIES

AsiaSat remains alert to opportunities that enable us to grow our business via acquisitions, partnerships, alliances and other collaborative developments.

A prime example of this strategy was the December signing of a co-operation agreement with Thaicom. This will enable the Company to access new markets by providing satellite services from the 120°E orbital location.

An interim satellite will be placed at the orbital slot and in 2014 services will be provided by AsiaSat 6. The co-operation agreement will have the effect of providing added C band capacity to address the Asia Pacific's growing demand for broadcast, telecommunications and broadband services.

PERFORMANCE REVIEW

The Group achieved strong revenue growth in 2011. Turnover reached HK$1,718 million, up by HK$262 million or 18% from the previous year. This came from our core transponder-leasing business, and an overall increase in market demand.

Profit attributable to shareholders for 2011 increased to HK$823 million, up 18% over the previous year. This record profit was achieved as a result of excellent revenue growth, greater interest income compared to recent years and management of our expenses.

NEW SATELLITES

Our new AsiaSat 7 satellite was launched in November last year, well in advance of when it has to replace AsiaSat 3S at the orbital location of 105.5°E.

Based on the Space Systems/Loral 1300 platform, AsiaSat 7 carries 28 C-band and 17 Ku-band transponders, along with a Ka-band payload. A region-wide high-power C-band beam will cover Asia, the Middle East, Australasia and Central Asia, with Ku-band beams serving East and South Asia and a steerable beam to address specific market demands.

AsiaSat 3S commenced service in 1999 as a replacement for AsiaSat 1, Asia's first privately-owned regional satellite. Since that time, AsiaSat 3S has established itself as the leading satellite in regional broadcasting and has become Asia's most popular broadcast platform for South Asian, Chinese and international programming.

Options are also being explored to make AsiaSat 7 available to new markets during the interim period, before AsiaSat 3S's end-of-life replacement.

NEW SATELLITES (CONTINUED)

Additionally, orders were placed with Space Systems/Loral in 2011 for the construction of AsiaSat 6 and AsiaSat 8, both of which are scheduled for launch in the first half of 2014. Space Exploration Technologies (SpaceX) has been selected as the launch services provider for these two satellites.

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

AsiaSat 6 will ultimately serve customers from the 120°E orbital location, to which the Company gained access in 2011, following a co-operation agreement with Thaicom. Meanwhile, AsiaSat 8 will co-locate with AsiaSat 5 at 100.5°E in order to increase the availability of capacity in that orbital slot to meet demand in various high-growth markets.

IN-ORBIT SATELLITES

AsiaSat 2, AsiaSat 3S, AsiaSat 4 and AsiaSat 5 our in-orbit fleet, served customers well throughout 2011 without incident and with minimum interference.

Our four AsiaSat satellites are located over the Asian landmass, enabling our customers to provide comprehensive and reliable services throughout the Asia region. The quality and power of our satellites, plus the range of services we offer, allows us to provide our customers with cost-effective and efficient access to two-thirds of the world's population from each satellite.

AsiaSat 2 was launched in November 1995 and was replaced by AsiaSat 5 in August 2009. It was subsequently leased in 2010 for 2 years and located to a new orbital slot over Africa. Upon the expiry of such lease, AsiaSat 2 was moved and is now located at 120°E.

AsiaSat 3S was launched in 1999, is located at the 105.5°E slot and has 28 C-band and 16 Ku-band transponders. The overall AsiaSat 3S utilisation rate as of 31 December 2011 was 77% (2010: 72%).

AsiaSat 4, launched in 2003, is positioned at 122°E and offers 28 C-band and 20 Ku-band transponders, including six fixed Hong Kong Broadcast Satellite Service (BSS) transponders. AsiaSat 4's overall utilisation rate as of 31 December 2011 was 84% (2010: 69%).

AsiaSat 5 was launched in 2009, is positioned at 100.5°E and carries 26 C-band and 14 Ku-band transponders. This satellite's overall utilisation rate as of 31 December 2011 was 84% (2010: 79%).

IN-ORBIT SATELLITES (CONTINUED)

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

As of 31 December 2011, the total number of transponders leased and sold on our three satellites (excluding AsiaSat 7) was 108 (2010: 97 transponders), an increase of 11%, while the fleet's overall utilisation rate increased to 82% (2010: 73%). Revenue generated from occasional-use service amounted to HK$92 million (2010: HK$84 million), representing some 5% (2010: 6%) of recurrent revenue.

EARTH STATIONS

The expansion project at our Tai Po earth station in Hong Kong proceeded well throughout the year under review and was on schedule to offer a wider diversity of value-added services from the second quarter of 2012.

The expansion project will result in features such as an additional area for equipment and a TVRO farm, dual UPS sources for Tracking, Telemetry and Control (TT&C) and communications equipment, plus an RF uplink systems upgrade, as well as a satellite command and control software upgrade.

Our Tai Po facility is backed up by the Stanley TT&C Station, which is connected to Tai Po by leased circuits. This system offers redundancy and enables us to provide the high level of service excellence and reliability our customers have come to rely on.

CONTRACTS ON HAND

As of 31 December 2011, the Group carried a contract backlog of HK$3,083 million (2010: HK$3,469 million), a decrease of HK$386 million. In recent years, customers have tended to opt for shorter terms when signing new contracts and fewer major contracts were renewed during 2011.

NON-DOMESTIC TELEVISION LICENCE

AsiaSat continues to hold two Non-Domestic Television Programme Service Licences issued by the Hong Kong Broadcasting Authority.

FIXED CARRIER LICENCE

AsiaSat obtained a Fixed Carrier Licence from the Office of the Telecommunications Authority of Hong Kong (will be known as Office of the Communications Authority with effect from 1 April 2012) in May 2004. This allows us to provide television broadcast and telecommunications uplink services to our satellites, as well as backup services for our customers.

Operations Review

SPEEDCAST

In 2011, revenue generated by SpeedCast increased to HK$239 million, compared with HK$206 million in 2010, representing an increase of 16%.

SpeedCast is a leading global network and satellite telecommunications service provider offering high-quality managed network services in more than 35 countries throughout Asia, the Middle East and Africa.

With 10 international sales and support offices, and 16 teleport operations, SpeedCast's unique infrastructure serves corporate and carrier requirements. SpeedCast operates more than 20 VSAT platforms and has developed strong operational expertise, along with a highly-efficient support organisation.

The period under review saw an increase in SpeedCast's maritime business, which serves a growing proportion of the commercial shipping industry. In November, SpeedCast announced the launch of the most advanced maritime broadband solution in the form of SeaCast SIGMA. This seamlessly integrates a Ku-band VSAT-based broadband service, an L-band service and SpeedCast's value-added services.

DISH-HD ASIA SATELLITE

DISH-HD Asia Satellite, our joint venture with EchoStar Corporation, has provided DTH satellite television services in Taiwan and other markets since 2009.

However, as the JV performed below target, an agreement was reached in late 2011 to sell AsiaSat's stake in the company. Assuming this transaction is granted approval by the Hong Kong Broadcasting Authority, AsiaSat will continue to serve DISH-HD Asia Satellite in a supplier-customer relationship by providing broadcast services and leasing capacity.

PROSPECTS

Our robust financial results in 2011 help to position AsiaSat to continue to pursue our growth strategy in the future. Moreover, we will continue to control costs prudently, while remaining alert to any ramifications for Asia, as economic conditions in other parts of the world, such as Europe, develop over the near and medium term.

William WADE
President and Chief Executive Officer

22 March 2012

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 2011, 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 2011, the Directors have:

- selected suitable accounting policies and applied them consistently;
- appropriately adopted all applicable Hong Kong Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis.

CODE ON CORPORATE GOVERNANCE PRACTICES

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 2011.

THE COMPANY

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

The Board is currently composed of 12 members: eight appointed by the shareholders of Bowenvale, CITIC and GE, as NEDs; three INEDs; and one Executive Director, who is also the President and Chief Executive Officer ("CEO") of the Company.

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

Pursuant to the requirement in the Listing Rules, the Company has received a written confirmation from each INED of his independence to the Company. The Company considers all of the INEDs to be independent.

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.

BOARD OF DIRECTORS (CONTINUED)

The role of the Chairman and the CEO are segregated and not exercised by the same individual. Currently, Mr. JU Wei Min and Mr. Sherwood P. DODGE act as Chairman and Deputy Chairman respectively. In addition, Mr. William WADE acts as CEO.

The Chairman of the Board is responsible for the leadership and effective running of the Board, and ensuring that all key and appropriate issues are discussed by the Board in a timely and constructive manner. The CEO is delegated with the authority and 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"). All of the Board members have confirmed that they are totally unrelated to each other and with the senior management in every aspect including financial, business, or family.

BOARD COMMITTEES

The following table summarises the attendance of individual Directors and committee members in 2011:

Type of meetings	Board	Audit Committee	Remuneration Committee	Nomination Committee
Number of meetings held in 2011	4	2	3	2
	Attendance	Attendance	Attendance	Attendance
Directors				
NEDs				
MI Zeng Xin[①]	4			1
JU Wei Min[①]	3	1	3	
LUO Ning[①]	4			
GUAN Yi[①]	3			
Sherwood P. DODGE[②]	4			2
John F. CONNELLY[②]	4			
Nancy KU[②]	2		2	
Mark CHEN[②]	4	2		
INEDs				
Edward CHEN	4	2		2
Robert SZE	4	2		
James WATKINS	4	1	3	
EDs				
Peter JACKSON[③]	2			
William WADE (CEO)	4			
Average attendance rate	85%	80%	89%	83%

① CITIC appointed directors.

② GE appointed directors.

③ Retired as Executive Chairman and ED on 31 July 2011 and there were only 2 meetings held during his tenure.

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 each year.

The RC shall have the sole authority to:

(i) retain or terminate consultants to assist the RC in the evaluation of Director, CEO or senior executives' compensation; and

(ii) determine the terms of engagement and the extent of funding necessary for payment of compensation to any consultant retained to advise the RC.

The RC is composed of 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 2011:

(i) approved the amount of restricted share award for eligible staff for 2011;

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

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

(iv) approved the merger of the housing allowance into the salary for eligible staff;

(v) approved bonuses for 2011;

REMUNERATION OF DIRECTORS AND SENIOR EXECUTIVES (CONTINUED)

(vi) recommended an increase in fee paid to the INEDs from 2012; and

(vii) approved 2012 salary review.

The Group has established a performance-based appraisal system. The present remuneration package consists of salaries, 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 16 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 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.

APPOINTMENTS OF DIRECTORS AND SENIOR EXECUTIVE (CONTINUED)

The following is a summary of the work of the NC in 2011:

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

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

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

(iv) reviewed the new structure following the merger of Engineering and Satellite Operations departments.

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 the Stock Exchange;

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

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

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

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

The members of the AC assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, and satisfying themselves as to the effectiveness of the internal 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 IA (or to nominate the IA for shareholders' approval);

(ii) approve all audit engagement fees and terms and all non-audit engagements with the IA; and

(iii) perform such other duties and responsibilities set forth in any applicable independence and regulatory requirements.

AUDIT COMMITTEE (CONTINUED)

The AC may consult with management, including the CEO and the personnel responsible for the internal audit function, but shall not delegate these responsibilities.

The following is a summary of the work of the AC in 2011:

(i) reviewed the financial statements and reports for the year ended 31 December 2010 and for the six months ended 30 June 2011;

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

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

(iv) considered and approved the 2011 audit fees;

(v) considered and approved the non-audit services fees for the Group;

(vi) reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2011 in conjunction with the Group's IA;

(vii) reviewed the "Continuing Connected Transactions" set forth on page 43 and 44 prior to the review and confirmation by the Board ; and

(viii) conducted a private session with the IA.

AUDITORS' REMUNERATION

The fees incurred and described below for 2011 were as follows:

	2011 HK$'000	2010 HK$'000
Audit Fees	1,650	1,430
Tax Fees	2,564	1,423
All Other Fees	130	—
	4,344	2,853

AUDITORS' REMUNERATION (CONTINUED)

Audit Fees

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

Tax Fees

The aggregate fees incurred by the Group for professional services rendered by the professional and other advisors for tax compliance, tax advice and tax planning.

All Other Fees

The aggregate fees incurred by the Group for products and services provided by the professional and other advisors, other than for services described in the paragraphs above.

RESOURCES

The AC shall have the authority to retain independent legal, accounting and other consultants to advise the AC. The AC may request any officer or employee of the Company or the Company's outside counsel or IAs to attend a meeting of the AC or to meet with any members of, or consultants to, the AC.

FUNDING

The AC shall determine the extent of funding necessary for payment of:

(i) compensation to the IA engaged for the purpose of preparing or issuing an Audit Report or performing other audit, review or 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.

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 three and two 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.

Annual assessment

In 2011, 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 Board is of the view that, in general, the Group has set up a sound control environment and implemented an effective system of internal control.

Internal Audit plan

The Internal Auditor follows a risk-and-control-based approach. A three-year internal audit plan is formulated in a risk-weighted manner so that priority and appropriate audit frequency is given to areas with higher risks. The Internal Auditor performs regular financial and operational reviews on the Group. The audit findings and control weaknesses, if any, are reported to the AC. The Internal Auditor monitors the follow-up actions agreed upon in response to its recommendations.

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal control (continued)

Grievances and whistle-blowing policies

The Group has established defined procedures for handling employees' complaints and grievances and alerts of wrongdoings. Recommendations on improvements can be channelled to the respective department heads or escalated to the CEO. If the complaint is about the CEO or a Director, the employee can report directly to the Chairman of the AC.

To encourage employees to raise concerns about internal malpractice without hesitation, the Group has also established the whistle-blowing policy, with embedded procedures for reporting such matters internally direct to the Chairman of the AC, who will review the reported complaint and decide how the investigation should be conducted.

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.

The interim report and annual report contain a full Financial Review and an Operations Review together with sections on Corporate Governance and Management Discussion and Analysis.

The AGM is the principal forum for direct dialogue with shareholders at which shareholders are invited to ask questions on the Company's operations or financial information.

At the AGM, shareholders can vote on each proposed resolution and all issues to be considered by shareholders will be proposed at the general meeting as separate resolutions. Pursuant to the Listing Rules, voting by poll is now mandatory for all shareholders meetings.

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$823 million (2010: HK$695 million), an increase of HK$128 million or 18% from the prior year. The increase in profit was mainly due to the continued growth of our core business, bolstered by winning significant contracts from new customers, as well as interest income and management of expenses.

Turnover

Turnover in 2011 was HK$1,718 million (2010: HK$1,456 million), an increase of HK$262 million, up 18% from the previous year. Some HK$229 million of this improvement came from growth in our core transponder leasing business, where we concluded a number of contracts from new customers. Our wholly-owned subsidiary, SpeedCast also added to the uplift with a growth in its contribution of some HK$33 million as a result of strong demand from its broadband and maritime customers.

Cost of services

Cost of services of HK$482 million (2010: HK$500 million) represented a decrease of HK$18 million. The decrease was largely due to the refund of China business taxes paid of HK$12 million, and a drop in satellite insurance costs of HK$9 million, which was offset by an increase in staff costs of HK$14 million.

Other gains

The gain of HK$47 million (2010: HK$27 million), an increase of HK$20 million, was mainly due to additional interest income earned from bank deposits during the year was contributed to approximately HK$16 million of this increase.

Non-bank interest income of HK$17 million was received from the Indian tax authority in respect of a tax refund during the year. However, in the previous year, a HK$13 million one-off interest income was received from a customer, thus the net increase in non-bank interest income to the Company was only HK$4 million.

Administrative expenses

Administrative expenses were HK$238 million (2010: HK$156 million), an increase of HK$82 million or 53%. The increase was mainly due to net provision for impairment of trade receivables of HK$37 million and increase in staff cost of HK$21 million.

FINANCIAL REVIEW (CONTINUED)

Share of losses and impairment loss on the loan to a jointly controlled entity

The share of losses and impairment loss on the loan to a jointly controlled entity, amounting to HK$105 million (2010: HK$42 million), was related to the joint venture with EchoStar Corporation, DISH-HD Asia Satellite, in which the Company previously held 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% (2010: 16.5%) of the estimated assessable profit for the year. The Group's effective tax rate for the year was approximately 12% (2010: 10%).

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation, that range from 7% to 42.23% (2010: 7% to 20%), prevailing in the countries in which the profit is earned. 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:

		2011	2010	Change
Turnover	HK$M	1,718	1,456	+18%
Profits attributable to owners of the Company	HK$M	823	695	+18%
Dividend	HK$M	31	207	-85%
Capital and reserves	HK$M	6,677	6,045	+10%
Earnings per share	HK cents	211	178	+18%
Dividend per share	HK cents	8	53	-85%
Dividend cover	Times	26.4	3.4	+676%
Return on equity	Percent	12	11	+1%
Net assets per share — book value	HK cents	1,707	1,545	+10%

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal use of capital during the year under review was the payment of dividends, satellite insurance and capital expenditure related to the construction of AsiaSat 7, AsiaSat 6 and AsiaSat 8. These payments were financed through the cash flow generated from operating activities.

The Group had a net cash outflow of HK$20 million (2010: inflow of HK$802 million) and remained debt free in 2011.

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 2011, the value of contracts on hand amounted to HK$3,083 million (2010: HK$3,469 million), the majority of which will be realised over the next few years. Almost all the contracts are denominated in United States Dollars. The decrease in backlog was attributable to the shorter terms opted for by new customers and fewer major contracts renewed during 2011.

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 2011, the turnover of SpeedCast was HK$239 million (2010: HK$206 million), an increase of HK$33 million or 16%. SpeedCast made a profit of HK$26 million (2010: HK$23 million).

DISH-HD Asia Satellite

DISH-HD Asia Satellite is a joint venture with EchoStar Corporation, 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. The DTH service commenced operation in June of 2010.

For the year ended 31 December 2011, the turnover of DISH-HD Asia Satellite was HK$12 million (2010: HK$6 million) and it incurred a loss of HK$170 million (2010: HK$83 million).

In December 2011, AsiaSat entered into a share transfer agreement to dispose of its entire 50% interest in DISH-HD Asia Satellite, while continuing to provide capacity and support services to the ongoing operations. The transaction is still subject to the final approval from the Hong Kong Broadcasting Authority.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Except for DISH-HD Asia Satellite which has been disclosed above, during the year, there were neither material acquisitions nor disposals of subsidiaries or associated companies.

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 2011, the Group had 191 permanent staff (2010: 176).

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 salaries, 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 2011, 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 32 to the consolidated financial statements.

As at 31 December 2011, the Group had total capital commitments of HK$2,745 million (2010: HK$1,543 million), of which HK$1,846 million (2010: HK$757 million) was contracted for but not provided in the financial statements, and the remaining HK$899 million (2010: HK$786 million) was authorised by the Board but not yet contracted.

GEARING RATIO

As at 31 December 2011, 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 2011, 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

JU Wei Min, aged 48, was appointed a Non-executive Director ("NED") on 12 October 1998 and a Chairman of the Company on 1 February 2012. Mr. Ju is the Vice President and Chief Financial Officer of CITIC Limited and was the Chairman of CITIC Trust Co., Ltd from 2004 to 2011. He is the NED of CITIC International Financial Holdings Limited. He is the Chairman and NED of CITIC Resources Holdings Limited, and the NED of China CITIC Bank Corporation Limited, CITIC Pacific Limited and CITIC Securities Co., Ltd. (all are Hong Kong listed companies). He holds a Bachelor's Degree and Master's Degree in Economics.

Sherwood P. DODGE, aged 56, was appointed a NED on 6 February 2009 and appointed as the Chairman on 1 August 2011. Mr. Dodge was re-designated as a Deputy Chairman of the Company on 1 February 2012. He is the President and Chief Executive Officer ("CEO") of GE Capital Equity, America. Prior to his current role, he was Senior Managing Director of GE Capital Equity and had responsibility for investments in Aviation and Energy industries and for co-investments with the customers of GE's Sponsor Finance business. He joined GE in 1988 and has held a variety of executive positions, including President of GE Capital Thailand, and Managing Director of GE Capital Equity Europe. He holds a Bachelor of Political Science degree from Denison University.

William WADE, aged 55, was appointed as a President and CEO of the Company on 1 August 2010. Mr. Wade has served as an Executive Director ("ED") of the Company since May 1996. Since joining the Company in April 1994 and before his appointment as CEO, he served as a Deputy CEO. Prior to joining AsiaSat, he held a number of senior management positions with various companies in Asia and the United States. He has over 26 years' experience in the satellite and cable television industry, working most of his career in Asia. He speaks Mandarin and holds a Bachelor of Arts (Honours) Degree in Communications from the University of Utah and a Master of International Management Degree from Thunderbird (the Global School of International Management).

MI Zeng Xin, aged 61, was appointed a NED of the Company on 28 February 2001. He has resigned as the Deputy Chairman of the Company on 1 February 2012 and remains as the NED. Mr. Mi was an ED and a Vice President of CITIC Group Corporation from July 1997 to December 2011. He assumed various roles as an ED, a NED and a Chairman of CITIC Resources Holdings Limited, since 2004 before his resignation from all positions on 1 March 2012. He is also the NED of CITIC Dameng Holdings Limited. Both are Hong Kong listed companies. He joined CITIC in 1985 and holds a Master's Degree in Science.

DIRECTORS (CONTINUED)

LUO Ning, aged 53, was appointed a NED of the Company on 22 January 2010. Mr. Luo is the Assistant President of CITIC Limited, Deputy Chairman of CITIC Guoan Group and the Chairman and General Manager of CITIC Networks Co. Ltd. He joined CITIC since 2000 and also holds directorships in several other subsidiaries of CITIC. He is the Director of CITIC Guoan Information Industry Company Limited which is listed on the Shenzhen Stock Exchange in the People's Republic of China. He is also the Deputy Chairman and ED of CITIC 21 CN Company Limited and the ED of DVN (Holdings) Limited. Both are Hong Kong listed companies. He has over 18 years' experience in the telecommunication business and holds a Bachelor Degree in Communication Speciality from the Wuhan People's Liberation Army Institute of Communication Command.

Peter JACKSON, aged 63, was appointed as a NED of the Company on 9 January 2012. Mr. Jackson was the Company's previous Executive Chairman and retired on 31 July 2011. Prior to his retirement from the Company, he had served as the ED and the CEO of the Company since May 1996. Before the listing of the Company, he had already served in that position as CEO of AsiaSat since July 1993. On 31 July 2010, he retired from his position as CEO and was then appointed as Executive Chairman of the Company for a period of 1 year from 1 August 2010 to 31 July 2011. He has over 35 years' experience in the telecommunications field. Prior to joining the Company, he was employed by Cable & Wireless plc where he held engineering, marketing and management positions and was responsible for several satellite telecommunications ventures. He is the Non-executive Chairman of Daum Communications Group, a listed company in Korea. Currently, he is also a consultant to CITIC Group, substantial shareholder of the Company.

John F. CONNELLY, aged 68, was appointed a NED of the Company on 29 March 2007. Mr. Connelly served with GE for over 41 years in a variety of positions. From 1992 to 2001 he served as the Chairman and the CEO of GE Americom, Inc., which was subsequently sold to SES S.A. ("SES"). In 2001 he was named the Vice Chairman of SES, a position he held until March 2007.

Nancy KU, aged 55, was appointed a NED of the Company on 29 March 2007. Ms. Ku is President & CEO of GE Capital, Greater China. In her role, she is responsible for GE's commercial and consumer finance units in Greater China with a focus on structured finance, asset based lending, equipment finance, private equity and consumer financial services. She joined GE in 1998, and has served in a variety of leadership roles in equity and corporate finance. She has over 20 years of experience in private equity, project finance and leveraged buyouts. Prior to joining GE, she held a number of key positions at HSBC, Canadian Imperial Bank of Commerce, Citibank and IBM. She is a graduate of the University of Waterloo and holds an MBA degree from University of Toronto.

DIRECTORS (CONTINUED)

Mark CHEN, aged 37, was appointed a NED of the Company on 29 March 2007. Mr. Chen is the Senior Managing Director of GE Capital — Equity, Asia Pacific. In this role, he leads the private equity investment and asset management activity for GE in the Asia Pacific region. He joined GE in 2000 and served in a variety of key roles within Equity before taking over as head of Equity, Asia Pacific in 2006. Prior to GE, he was an investment banker with Bankers Trust in New York, Tokyo and Seoul. He holds a Bachelor of Economics with honors from Harvard University and an Executive MBA from Kellogg HKUST. He is also a U.S. Presidential Scholar and a U.S. Byrd Congressional Scholar.

Professor Edward CHEN, G.B.S., C.B.E., J.P., aged 67, has been an INED of the Company since May 1996. Prof. Chen was educated at Hong Kong University (Bachelor of Arts, Master of Social Science) and Oxford University (Doctor of Philosophy) and was the President of Lingnan University in Hong Kong and retired from this position in 2007. He was a member of the Executive Council of Hong Kong from 1992 to 1997 and Chairman of the Consumer Council from 1991 to 1997. He is now a Distinguished Fellow, Centre of Asian Studies of the University of Hong Kong, Director of First Pacific Company Limited, Director of The Wharf (Holdings) Limited, and Director of LG Asian Smaller Companies Fund.

Robert SZE, aged 71, has been an INED of the Company since May 1996. Mr. Sze is a fellow of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants. He was a partner in an international firm of accountants with which he practised for over 20 years, and is an NED of a number of Hong Kong listed companies.

James WATKINS, aged 66, was appointed an INED of the Company on 30 June 2006. Mr. Watkins qualified as a solicitor in 1969 and was for 20 years a Partner in Linklaters, a leading international English law firm. From 1997 to 2003, he was a Director and the General Counsel of the Jardine Matheson Group in Hong Kong. He is the NED of a number of Hong Kong and overseas listed companies, including Mandarin Oriental International Ltd., Hongkong Land Holdings Ltd., Jardine Cycle & Carriage Ltd., Global Sources Ltd. and Advanced Semiconductor Manufacturing Corporation Limited. He holds a Degree in Law from The University of Leeds, United Kingdom.

CHONG Chi Yeung, aged 43, was appointed an alternate director to Mr. Mi Zeng Xin on 1 February 2012. Mr. Chong is the General Manager, Project Management Department of CITIC United Asia Investment Limited ("CITIC United Asia"), a wholly-owned subsidiary of CITIC Group in Hong Kong. Prior to joining CITIC United Asia in 2005, he held various financial and managerial positions in both large scale China Stated-owned Enterprises and Hong Kong listed companies. He graduated from California State University, United States with a Bachelor's Degree and a Master Degree in Business Administration major in Finance in 1994. He has over 10 years of experience in merger and acquisition, corporate restructuring and financial management.

SENIOR MANAGEMENT

Philip BALAAM, aged 47, was appointed as AsiaSat's Vice President, Business Development on 7 April 2011. Mr. Balaam possesses over 21 years of experience in the satellite industry and has held various management positions in sales, marketing and business development. He joins AsiaSat from Arianespace where he served more than 13 years, most recently as the Sales and Marketing Director — Asia Pacific of Arianespace Asean Office in Singapore. Prior to Arianespace, he worked with Matra Marconi Space (now Astrium) in various marketing and engineering positions. He holds a Ph.D. degree in Aerospace Engineering from the Pennsylvania State University, United States, an MBA degree from the Open University of United Kingdom and a B.Sc degree in Aeronautics and Astronautics from the University of Southampton, England.

Catherine CHANG, aged 44, is AsiaSat's General Counsel. Ms. Chang joined AsiaSat in 1994 and established the legal department to manage the legal affairs of the Company. Prior to joining the Company, she was the solicitor at Ebsworth & Ebsworth, an Australian law firm. She graduated from the University of New South Wales, Australia, with a Bachelor's Degree in Law and a Bachelor's Degree in Commerce, majoring in Accountancy.

Sabrina CUBBON, aged 50, is AsiaSat's Vice President, Sales and Marketing, in which capacity Mrs. Cubbon is responsible for sales and marketing, business development, corporate affairs and market research. She has over 26 years of marketing experience in the telecommunications industry. Prior to joining AsiaSat in August 1992, she was employed by Case Communications between 1987 and 1992 as the Regional Manager Asia-Pacific responsible for the sales and marketing activities to multinational clients. She graduated from the University of Manchester, United Kingdom, with a Master's Degree in Electronic and Electrical Engineering, specialised in cryptography.

Roger TONG, aged 50, is AsiaSat's Vice President, Engineering and Operations. On 1 August 2011, the Engineering and Operations Departments were merged into one technical department and Mr. Tong assumes managerial responsibility for the combined group. He has over 23 years' experience in the satellite and telecommunications industry and has worked in Canada, Mainland China and Hong Kong. He held various senior management positions at COM DEV International, Allen Telecom Corporation and Mark IV Industries. Prior to joining AsiaSat in March 2008, he was the Technical Consultant to Telesat Canada where he was responsible for various satellite programmes. He holds a Bachelor's Degree in Computer Engineering and a Master's Degree in Engineering from the McMaster University, Canada and a Master of Business Administrations Degree from the Wilfrid Laurier University in Canada.

Sue YEUNG, aged 48, is AsiaSat's Vice President, Finance and Chief Financial Officer, and the Secretary of the Company. Ms. Yeung is the member of the Institute of Chartered Accountants in England and Wales. She has held various senior positions in both multinational companies and Hong Kong listed company. Prior to joining AsiaSat in October 2006, she was the Regional Chief Financial Officer of Pearson Education Asia Limited with the overall responsibilities of its Asia Operations. She holds a Bachelor of Science Degree in Chemical Engineering from London University and is a fellow member of Hong Kong Institute of Certified Public Accountants.

SENIOR MANAGEMENT (CONTINUED)

ZHANG Hai Ming, aged 55, is AsiaSat's Vice President, China, in which he is responsible for the Company's marketing, operation and customer relations activities in the Mainland China market. Mr. Zhang has over 25 years' experience in the satellite industry in various management positions, covering areas in business development, sales, marketing and operations. Prior to joining AsiaSat in August 2008, he was the Deputy Managing Director of China Mobile Broadcasting Satellite Limited, Hong Kong. He graduated from Beijing Institute of Foreign Trade (now renamed Beijing University of International Business and Economics) and obtained a Master of International Management Degree from the American Graduate School of International Management.

SpeedCast Limited

Pierre-Jean BEYLIER, aged 42, was appointed since July 2004 as the CEO of SpeedCast Limited, an indirect wholly-owned subsidiary of the Company. Mr. Beylier has led the sales and marketing activities of SpeedCast Limited since 2000. He has over 18 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 2011.

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 50.

The Company paid an interim dividend of HK$0.08 per share but the Directors do not recommend the payment of a final dividend for the year ended 31 December 2011. The total dividend paid is HK$0.08 per share in 2011.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 51 and Note 17 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$32,000 (2010: HK$52,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 7 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company, calculated under Section 90 of the Companies Act 1981 of Bermuda, are set out in Note 16 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2011, the distributable reserves of the Company amounted to HK$422,982,000 (2010: HK$415,145,000), as calculated under the Companies Act 1981 of Bermuda.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 119.

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 60,000 ordinary shares of HK$0.1 each of the Company at an average price of HK$16.66 per share on The Hong Kong Stock Exchange. The purchase involved a total cash outlay of HK$1,000,000. 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 2011 and the Company has not redeemed any of its shares during the year ended 31 December 2011.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 22 August 2007 ("Adoption Date"). Pursuant to the Share Award Scheme, award shares may be granted to eligible employees of the Company or its subsidiaries each year on the grant date until the tenth anniversary from the Adoption Date. The Company shall pay cash to the appointed trustee company for its acquisition and holding upon trust of the award shares for the benefit of eligible employees. The award shares will be transferred to the eligible employees upon vesting. The number of shares to be awarded under the Share Award Scheme throughout its duration shall not exceed 3% of the total issued shares of the Company as at the Adoption Date.

Details of the Share Award Scheme and the shares awarded thereunder are set out in Note 16 to the consolidated financial statements.

Apart from the Share Award Scheme, at no time during 2011 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any body corporate.

Directors' Report

DIRECTORS

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

Chairman and Non-executive Director

JU Wei Min	*(appointed on 1 February 2012)*
Sherwood P. DODGE	*(re-designated as Deputy Chairman on 1 February 2012)*

Executive Chairman

Peter JACKSON	*(retired on 31 July 2011)*

Deputy Chairman and Non-executive Director

Sherwood P. DODGE	*(re-designated on 1 February 2012)*

Executive Director

William WADE	*(President and Chief Executive Officer)*

Non-executive Directors

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

Independent Non-executive Directors

Edward CHEN
Robert SZE
James WATKINS

In accordance with Bye-law 110(A) of the Company's Bye-laws, Mr. Sherwood P. DODGE, Mr. MI Zeng Xin, Mr. John F. CONNELLY and Ms. Nancy KU 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. Peter JACKSON, who was appointed as the Non-executive Director 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. William WADE had a service contract with the Company as the CEO of the Company with effect from 1 August 2010.

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

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 32 to 36.

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

At 31 December 2011, 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 2011

		Number of shares/underlying shares held							
	Long or short position	**Personal interests**	**Family interests**	**Corporate interests**	**Trusts and similar interests**	**Persons acting in concert**	**Other interests**	**Total**	**% of the Issued Share Capital of the Company**
Directors									
Peter JACKSON	Long position	800,264	–	–	–	–	–	800,264	0.20
	Short position	–	–	–	–	–	–	–	–
William WADE	Long position	409,626	–	–	–	–	–	409,626	0.10
	Short position	–	–	–	–	–	–	–	–
James WATKINS	Long position	50,000	–	–	–	–	–	50,000	0.01
	Short position	–	–	–	–	–	–	–	–

Apart from the Share Award Scheme, at no time during the year was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its parent company a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated companies.

SUBSTANTIAL 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 2011, 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 2011

Name	Capacity	Long or short position	No. of ordinary shares in the Company	% of the Issued Share Capital of the Company
Bowenvale Limited	Beneficial owner	Long position	291,174,695[(1) & (2)]	74.43
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695[(1)]	74.43
CITIC Group	Interest in controlled corporation	Long position	291,174,695[(1)]	74.43
GE Pacific-3 Holdings, Inc.	Interest in controlled corporation	Long position	291,174,695[(2)]	74.43
General Electric Company	Interest in controlled corporation	Long position	291,174,695[(2)]	74.43

Notes:

(1) Able Star Associates Limited ("Able Star") controls 50% of the voting rights of Bowenvale Limited ("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.

(2) 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 2011, the total revenue from the Group's five largest customers represented 31% of the Group's total revenue and the total revenue from the Group's largest customer represented 12% of the Group's total revenue. The total amount of purchases attributable to the Group's five largest suppliers was 42% of the total purchases and the largest supplier represented 27% 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 33 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 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$189,113,000 (2010: HK$128,478,000). Furthermore, pursuant to this agreement, CITICSat is responsible for marketing activities in China on behalf of the Group. In return, the Group reimburses the expenditure CITICSat incurs plus a marketing fee, which is collectively known as the marketing expense. The amount of marketing expenses paid in year 2011 was HK$1,251,000 (2010: HK$11,395,000). In year 2011, a refund of HK$6,982,000 of Chinese business tax paid in previous years received and the said amount has been offset against the marketing expenses paid to CITICSat.

The aforesaid continuing connected transaction has been reviewed by INEDs of the Company. The INEDs confirmed that the aforesaid connected transaction was entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

CONTINUING CONNECTED TRANSACTIONS (CONTINUED)

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to, and within the knowledge of, the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as at 22 March 2012.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

Sue YEUNG
Company Secretary

Hong Kong, 22 March 2012

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. The Independent Auditor ("IA") is responsible for auditing and attesting to the Group's financial statements and evaluating the Group's system of internal controls, including the effectiveness of internal control over financial reporting. The AC oversees the respective work of management and external auditors to endorse the processes and safeguards employed by them. The AC reports to the Board on its findings after each AC meeting.

The AC reviewed and discussed with management and the IA the 2011 consolidated financial statements included in the 2011 Annual Report. In this regard, the AC had discussions with management with regard to new, or changes in, accounting policies as applied and significant judgments affecting the Group's financial statements. The AC also received reports and met with the IA to discuss the general scope of their audit work (including the impact of changes in accounting policies as applied), and their assessment of Group internal controls.

Based on these reviews and discussions and the report of the IA, the AC recommended to the Board approval of the consolidated financial statements for the year ended 31 December 2011, with the Independent Auditor's Report thereon.

The AC also reviewed and recommended to the Board approval of the unaudited condensed consolidated financial information for the first six months of 2011, prior to public announcement and filing.

The AC recommended to the Board that the shareholders be asked to re-appoint PricewaterhouseCoopers as the Group's IA for 2012.

MEMBERS OF THE AUDIT COMMITTEE

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

Hong Kong, 22 March 2012

Index to the Consolidated Financial Statements

Consolidated Statement of Financial Position

	Note	As at 31 December 2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	6	**20,700**	21,283
Property, plant and equipment	7	**4,726,467**	4,030,123
Intangible assets	8	**38,675**	38,675
Unbilled receivables		**96,606**	119,944
Interest in a jointly controlled entity	10	**—**	114,327
Amount paid to tax authority	11	**37,704**	221,202
Total non-current assets		**4,920,152**	4,545,554
Current assets			
Inventories	12	**5,369**	4,432
Trade and other receivables	13	**368,618**	229,160
Cash and cash equivalents	14	**2,266,484**	2,286,164
		2,640,471	2,519,756
Assets held for sale	15	**—**	—
Total current assets		**2,640,471**	2,519,756
Total assets		**7,560,623**	7,065,310
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	16	**39,120**	39,120
Reserves	17(a)		
— Retained earnings		**6,604,346**	5,812,466
— Proposed final dividend	28	**—**	176,038
— Other reserves		**32,260**	15,632
		6,675,726	6,043,256
Non-controlling interests		**1,140**	1,257
Total equity		**6,676,866**	6,044,513

Consolidated Statement of Financial Position

	Note	As at 31 December 2011 HK$'000	2010 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	20	**287,596**	255,718
Deferred revenue	18	**90,011**	107,828
Other amounts received in advance		**37,264**	159,052
Other payables		**2,150**	2,106
Total non-current liabilities		**417,021**	524,704
Current liabilities			
Construction payables		**36,064**	5,930
Other payables and accrued expenses		**100,506**	95,899
Deferred revenue	18	**232,927**	281,766
Obligations under finance leases	19	**—**	7
Current income tax liabilities		**97,118**	112,370
Dividend payable		**121**	121
Total current liabilities		**466,736**	496,093
Total liabilities		**883,757**	1,020,797
Total equity and liabilities		**7,560,623**	7,065,310
Net current assets		**2,173,735**	2,023,663
Total assets less current liabilities		**7,093,887**	6,569,217

The notes on pages 53 to 118 are an integral part of these consolidated financial statements.

The financial statements on pages 47 to 118 were approved by the Board of Directors on 22 March 2012 and were signed on its behalf.

JU Wei Min
Director

William WADE
Director

Statement of Financial Position

	Note	As at 31 December 2011 HK$'000	2010 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	9	**444,208**	452,243
Total non-current assets		**444,208**	452,243
Current assets			
Amount due from a subsidiary	9	**40,473**	24,012
Other receivables, deposits and prepayments		**460**	688
Total current assets		**40,933**	24,700
Total assets		**485,141**	476,943
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	16	**39,120**	39,120
Reserves	17(b)		
— Retained earnings		**17,473**	14,433
— Proposed final dividend	28	**—**	176,038
— Other reserves		**423,375**	242,540
Total equity		**479,968**	472,131
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		**4,836**	4,631
Current income tax liabilities		**337**	181
Total liabilities		**5,173**	4,812
Total equity and liabilities		**485,141**	476,943
Net current assets		**35,760**	19,888
Total assets less current liabilities		**479,968**	472,131

The notes on pages 53 to 118 are an integral part of these consolidated financial statements.

The financial statements on pages 47 to 118 were approved by the Board of Directors on 22 March 2012 and were signed on its behalf.

JU Wei Min	**William WADE**
Director	*Director*

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2011 HK$'000	2010 HK$'000
Sales	5	**1,718,251**	1,456,222
Cost of services	22	**(481,898)**	(499,581)
Gross profit		**1,236,353**	956,641
Administrative expenses	22	**(237,884)**	(156,085)
Other gains — net	21	**46,538**	26,622
Operating profit		**1,045,007**	827,178
Finance costs	24	**(7,089)**	(10,219)
Share of losses of a jointly controlled entity	10	**(82,678)**	(41,580)
Provision for impairment loss on loan to a jointly controlled entity	10	**(22,816)**	—
Profit before income tax		**932,424**	775,379
Income tax expense	25	**(109,856)**	(80,910)
Profit and total comprehensive income for the year		**822,568**	694,469
Profit and total comprehensive income attributable to:			
Owners of the Company		**822,685**	694,590
Non-controlling interests		**(117)**	(121)
		822,568	694,469
Earnings per share attributable to the owners of the Company during the year (expressed in HK$ per share)			
Basic earnings per share	27	**2.11**	1.78
Diluted earnings per share	27	**2.10**	1.78
Dividends	28	**31,296**	207,333

The notes on pages 53 to 118 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

		Attributable to owners of the Company							
	Note	Share capital HK$'000	Share premium HK$'000	Shares held under Share Award Scheme HK$'000	Share-based payment reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
Balance at 1 January 2010		39,120	17,866	(15,886)	5,573	5,449,879	5,496,552	1,378	5,497,930
Comprehensive income									
Profit or loss		–	–	–	–	694,590	694,590	(121)	694,469
Transactions with owners									
Employees share award scheme:									
– Share-based payment		–	–	–	8,079	–	8,079	–	8,079
– Shares vested under Share Award Scheme		–	–	2,995	(2,995)	–	–	–	–
Final dividend relating to 2009	28	–	–	–	–	(125,183)	(125,183)	–	(125,183)
Interim dividend relating to 2010	28	–	–	–	–	(31,295)	(31,295)	–	(31,295)
Dividend for shares held by Share Award Trust		–	–	–	–	513	513	–	513
Total transactions with owners		–	–	2,995	5,084	(155,965)	(147,886)	–	(147,886)
Balance at 31 December 2010		39,120	17,866	(12,891)	10,657	5,988,504	6,043,256	1,257	6,044,513
Balance at 1 January 2011		39,120	17,866	(12,891)	10,657	5,988,504	6,043,256	1,257	6,044,513
Comprehensive income									
Profit or loss		–	–	–	–	822,685	822,685	(117)	822,568
Transactions with owners									
Employees share award scheme:									
– Shares held under Share Award Scheme		–	–	(1,000)	–	–	(1,000)	–	(1,000)
– Share-based payment		–	–	–	17,628	–	17,628	–	17,628
– Shares vested under Share Award Scheme		–	–	12,831	(12,831)	–	–	–	–
Final dividend relating to 2010	28	–	–	–	–	(176,038)	(176,038)	–	(176,038)
Interim dividend relating to 2011	28	–	–	–	–	(31,296)	(31,296)	–	(31,296)
Dividend for shares held by Share Award Trust		–	–	–	–	491	491	–	491
Total transactions with owners		–	–	11,831	4,797	(206,843)	(190,215)	–	(190,215)
Balance at 31 December 2011		39,120	17,866	(1,060)	15,454	6,604,346	6,675,726	1,140	6,676,866

The notes on pages 53 to 118 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2011 HK$'000	2010 HK$'000
Cash flows from operating activities:			
Cash generated from the operations	29	**1,214,504**	1,510,849
Hong Kong profits tax (paid)/refunded		**(69,203)**	33,240
Overseas tax paid		**(24,027)**	(12,021)
Net cash generated from operating activities		**1,121,274**	1,532,068
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(975,643)**	(601,689)
Proceeds from disposals of property, plant and equipment	29	**2,263**	1,038
Interest received		**40,277**	27,020
Net cash used in investing activities		**(933,103)**	(573,631)
Cash flows from financing activities:			
Purchases of shares under Share Award Scheme		**(1,000)**	—
Repayment of obligations under finance leases		**(7)**	(10)
Interest paid		**(1)**	(10)
Dividends paid	28	**(206,843)**	(155,965)
Net cash used in financing activities		**(207,851)**	(155,985)
Net (decrease)/increase in cash and cash equivalents		**(19,680)**	802,452
Cash and cash equivalents at beginning of the year		**2,286,164**	1,483,712
Cash and cash equivalents at end of the year	14	**2,266,484**	2,286,164

The notes on pages 53 to 118 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

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

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda (as amended). The address of its registered office is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

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

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 22 March 2012.

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 following new and revised standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2011 are as follows:

HKFRSs (Amendment)	Improvements to HKFRSs (2010)
HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC) Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC) Int 19	Extinguishing Financial Liabilities with Equity Instruments

The adoption of the above new and revised standards, amendments and interpretations did not result in any substantial changes to the accounting policies and financial statements of the Group.

(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 issued, but are not effective for the financial year beginning 1 January 2011 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income[2]
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[2]
HKAS 32 (Amendment)	Presentation — Offsetting Financial Assets and Financial Liabilities[3]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[4]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
HKFRS 7 (Amendment)	Disclosures — Transfers of Financial Assets[1]
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities[2]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurements[2]

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 (continued)

[1] Effective for the Group for annual periods beginning on or after 1 January 2012

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

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

[4] Effective for the Group for annual periods beginning on or after 1 January 2015

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

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(a) Subsidiaries (continued)

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

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

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

(b) Transactions with non-controlling interests

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (continued)

(c) Interests in jointly controlled entities

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

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

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

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 CEO who makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong Dollars (HK$), which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within 'Administrative expenses'.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

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

Buildings in the course of development for production or administrative purposes are carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Satellite under construction includes the manufacturing costs, launch costs and any other relevant direct costs when billed or incurred and is carried at cost less any identified impairment loss. When the satellite is subsequently put into service, the expenditure is transferred to satellite in operation and depreciation will commence.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial year in which they are incurred.

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

Satellites:	
— AsiaSat 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 consolidated statement of comprehensive income.

2.6 Intangible assets

(a) Goodwill

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

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

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

(b) Licences

Licences are carried at historical cost. Licences that have finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. 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 that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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

2.8 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.9 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)

2.10 Financial assets

(a) Loans and receivables

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

(b) Impairment of financial assets carried at amortised cost

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

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

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)

2.10 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 carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Trade and other receivables

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

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

2.12 Cash and cash equivalents

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

2.13 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

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

2.14 Construction payables

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint controlled entities, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits

(a) Pension obligations

The Group participates in defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan namely a share award scheme under which the entity receives services from employees as consideration for equity instruments (award shares) of the Group. The Group grants shares of the Company to employees under the share award scheme. The award shares are purchased from the open market and the cost of shares purchased is recognised in equity as treasury stock called "shares held under share award scheme". The fair value of the employee services received in exchange for the grant of the award shares is recognised as an expense with a corresponding increase in share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of the award shares granted:

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits (continued)

(b) Share-based compensation (continued)

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

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

(c) Performance-based bonus

The expected costs of performance-based bonuses are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for performance-based bonuses are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.17 Provisions

Provisions for asset retirement obligations are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions (continued)

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.

2.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition

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

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

(a) Revenue from transponder utilisation is recognised on a straight-line basis over the period of the agreements. The excess of revenue recognised on a straight-line basis over the amount received and receivables from customers in accordance with the contract terms is shown as unbilled receivables.

(b) Revenue from the sale of transponder capacity under transponder purchase agreements is recognised on a straight-line basis from the date of delivery of the transponder capacity until the end of the estimated useful life of the satellite.

Services under transponder utilisation agreements are generally billed quarterly in advance. Such amounts received in advance and amounts received from the sale of transponder capacity under transponder purchase agreements in excess of amounts recognised as revenue are recorded as deferred revenue. Deferred revenue which will be recognised in the following year is classified under current liabilities and amounts which will be recognised after one year are classified as non-current.

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

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

(d) Sale of broadband services equipment is recognised upon the transfer of risks and rewards of ownership, which generally coincides with the time when goods are delivered to customers and title is passed.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition (continued)

(f) Dividend income is recognised when the right to receive payment is established.

2.20 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 consolidated 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. 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 consolidated 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.

2.21 Dividend distribution

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

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, cash flow interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

During the year, almost all of the Group's revenues, premiums for satellite insurance coverage and substantially all capital expenditure were denominated in United States Dollars. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. At 31 December 2011 and 2010, the majority of the Group's transponder utilisation agreements, transponder purchase agreements, obligations to purchase telemetry, tracking and control equipment were denominated in United States Dollars. As Hong Kong Dollars is pegged to United States Dollars, the Group does not have any significant currency exposure and does not need to hedge.

At 31 December 2011, certain trade receivables, cash and cash equivalents were denominated in Renminbi ("RMB") and the foreign currency exposure is analysed as follows:

	2011 **RMB'000**	2010 RMB'000
Trade receivables	**75,733**	52,261
Cash and cash equivalents	**135,231**	292

At 31 December 2011, it is estimated that a general increase/decrease of 500 basis points in the exchange rate of Renminbi against Hong Kong Dollars, with all other variables held constant, would increase/decrease the Group's profit for the year and retained earnings by approximately HK$12,839,000 (2010: HK$3,099,000).

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 2010.

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:

	2011		2010	
	Effective Interest Rate %	**HK$'000**	Effective Interest Rate %	HK$'000
Short-term deposits	**1.2%**	**2,181,633**	0.8%	2,113,763

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Cash flow interest rate risk (continued)

At 31 December 2011, it is estimated that a general increase/decrease of 100 basis points in the interest rate, with all other variables held constant, would increase/decrease the Group's profit for the year and retained earnings by approximately HK$21,816,000 (2010: HK$21,138,000).

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 2010.

(d) Liquidity risk

The Group manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Group closely monitors its exposure to liquidity risk by reviewing the cash position report on a quarterly basis. The Group invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room to meet operation needs. The Group also reviews different funding options regularly in case needs arise.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(d) Liquidity risk (continued)

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

Group

	2011			2010		
	Within 1 year HK$'000	**More than 1 year but less than 3 years HK$'000**	**Total HK$'000**	Within 1 year HK$'000	More than 1 year but less than 3 years HK$'000	Total HK$'000
Current liabilities						
Construction payables	**36,064**	**–**	**36,064**	5,930	–	5,930
Other payables and accrued expenses	**100,506**	**–**	**100,506**	95,899	–	95,899
Obligations under finance leases	**–**	**–**	**–**	7	–	7
	136,570	**–**	**136,570**	101,836	–	101,836
Non-current liabilities						
Other payables	**–**	**2,150**	**2,150**	–	2,150	2,150

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(d) Liquidity risk (continued)

Company

	2011 Within 1 year HK$'000	2011 More than 1 year but less than 3 years HK$'000	2011 Total HK$'000	2010 Within 1 year HK$'000	2010 More than 1 year but less than 3 years HK$'000	2010 Total HK$'000
Current liabilities						
Other payables and accrued expenses	4,836	–	4,836	4,631	–	4,631

3.2 Capital management

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

- To safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- To support the business growth; and
- To maintain a strong credit rating.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group generally 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 2010.

3.3 Fair value estimation

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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of in-orbit satellites

The Group's operations are capital intensive and it has significant investments in satellites. The carrying value of the Group's in-orbit satellites (AsiaSat 2, AsiaSat 3S, AsiaSat 4 and AsiaSat 5) represented 34% of its total assets as of 31 December 2011 (2010: 41%). 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 2011, it is estimated that a general increase/decrease of one year useful life of the in-orbit satellites, with all other variables held constant, would decrease/increase the depreciation charge for the year by approximately HK$19,264,000 (2010: HK$19,264,000) and HK$22,008,000 (2010: HK$22,008,000) respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.2 Critical judgments in applying the entity's accounting policies

(a) *Income taxes*

The Group is subject to income taxes in certain jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. The details of the contingencies on Indian tax are set out in Note 31.

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

The Group is required to evaluate at each reporting date whether there is any indication that the carrying amounts of long-lived assets (primarily its satellites) may be impaired. If any such indication exists, the Group should estimate the recoverable amount of the long-lived assets. An impairment loss is recognised for the excess of the carrying amount of such long-lived assets over their recoverable amounts. The recoverable amount is determined at the higher of fair value less costs to sell and value in use. The value in use is the discounted present value of the cash flows expected to arise from the continuing use of long-lived assets and cash arising from its disposal at the end of its useful life. The estimates of the cash flows are based on the terms and period of existing transponder utilisation agreements ("Existing Agreements").

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 2011 and 2010, there had been no indication that the carrying amounts of long-lived assets of the Group may have become impaired.

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

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:

	2011	2010
	HK$'000	HK$'000
Income from provision of satellite transponder capacity		
— recurring	**1,439,016**	1,221,833
— non-recurring	**780**	321
Sales of satellite transponder capacity	**17,818**	17,818
Income from provision of broadband access services and sale of equipment	**239,199**	206,072
Other revenue	**21,438**	10,178
	1,718,251	1,456,222

(b) Segment information:

The chief operating decision-maker has been identified as the CEO of the Group. The CEO 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 CEO, 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 CEO is measured in a manner consistent with the consolidated statement of comprehensive income.

5 SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information: (continued)

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

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

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

	2011				
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK$'000	Broadband access services HK$'000	Direct-to-Home satellite television service HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Sales to external customers	1,233,401	239,199	—	—	1,472,600
Sales to related parties (Note 33)	224,213	—	—	—	224,213
Inter-segment sales	100,594	808	—	(101,402)	—
Other revenue	21,438	—	—	—	21,438
Total	1,579,646	240,007	—	(101,402)	1,718,251
Operating profit	1,018,578	26,429	—	—	1,045,007
Finance costs	(7,083)	(6)	—	—	(7,089)
Share of losses of a jointly controlled entity	—	—	(82,678)	—	(82,678)
Provision for impairment loss on loan to a jointly controlled entity	—	—	(22,816)	—	(22,816)
Profit/(loss) before income tax	1,011,495	26,423	(105,494)	—	932,424
Income tax expense	(109,856)	—	—	—	(109,856)
Profit/(loss) for the year	901,639	26,423	(105,494)	—	822,568
Depreciation	332,971	11,610	—	—	344,581
Interest income	45,839	1	—	—	45,840
Total assets	7,453,303	122,498	—	(15,178)	7,560,623
Capital expenditure	1,023,267	19,223	—	—	1,042,490
Interest in a jointly controlled entity	—	—	—	—	—
Total liabilities	854,995	43,940	—	(15,178)	883,757

5 SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information: (continued)

	2010				
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK$'000	Broadband access services HK$'000	Direct-to-Home satellite television service HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Sales to external customers	1,076,794	206,072	—	—	1,282,866
Sales to related parties (Note 33)	163,178	—	—	—	163,178
Inter-segment sales	77,865	808	—	(78,673)	—
Other revenue	10,178	—	—	—	10,178
Total	1,328,015	206,880	—	(78,673)	1,456,222
Operating profit	804,253	22,925	—	—	827,178
Finance costs	(10,208)	(11)	—	—	(10,219)
Share of losses of a jointly controlled entity	—	—	(41,580)	—	(41,580)
Profit/(loss) before income tax	794,045	22,914	(41,580)	—	775,379
Income tax expense	(80,910)	—	—	—	(80,910)
Profit/(loss) for the year	713,135	22,914	(41,580)	—	694,469
Depreciation	332,834	10,262	—	—	343,096
Interest income	25,115	1	—	—	25,116
Total assets	6,864,224	99,716	114,327	(12,957)	7,065,310
Capital expenditure	530,076	19,682	—	—	549,758
Interest in a jointly controlled entity	—	—	114,327	—	114,327
Total liabilities	986,172	47,582	—	(12,957)	1,020,797

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 2011 are HK$234,063,000 (2010: HK$241,768,000) and HK$231,097,000 (2010: HK$181,021,000) respectively, and the total sales to customers in other countries is HK$1,253,091,000 (2010: HK$1,033,433,000).

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 has been presented.

For the year ended 31 December 2011, sales of approximately HK$200,944,000 (2010: HK$190,996,000) 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:

	2011 **HK$'000**	2010 HK$'000
In Hong Kong held on:		
Leases of between 10 to 50 years	**20,700**	21,283
At 1 January	**21,283**	21,866
Amortisation of prepaid operating lease payments (Note 22)	**(583)**	(583)
At 31 December	**20,700**	21,283

7 PROPERTY, PLANT AND EQUIPMENT — GROUP

	Satellites and tracking facilities			Furniture,			Teleport		
	In operation	Under construction	Buildings	fixtures and fittings	Office equipment	Motor vehicles	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 2010									
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
Year ended 31 December 2010									
Opening net book amount	3,267,908	430,789	93,346	5,622	1,699	2,745	21,799	6	3,823,914
Additions	9,697	518,794	219	818	1,650	468	18,112	–	549,758
Disposals (Note 29)	–	–	–	(2)	–	–	(451)	–	(453)
Depreciation	(323,053)	–	(4,894)	(3,943)	(1,143)	(1,138)	(8,922)	(3)	(343,096)
Closing net book amount	2,954,552	949,583	88,671	2,495	2,206	2,075	30,538	3	4,030,123
At 31 December 2010									
Cost	6,134,009	949,583	122,546	18,953	20,204	5,208	74,658	1,222	7,326,383
Accumulated depreciation	(3,179,457)	–	(33,875)	(16,458)	(17,998)	(3,133)	(44,120)	(1,219)	(3,296,260)
Net book amount	2,954,552	949,583	88,671	2,495	2,206	2,075	30,538	3	4,030,123
Year ended 31 December 2011									
Opening net book amount	2,954,552	949,583	88,671	2,495	2,206	2,075	30,538	3	4,030,123
Additions	11,651	972,306	140	1,778	876	1,483	54,256	–	1,042,490
Transfer between categories	4,589	(4,589)	–	–	–	–	–	–	–
Disposals (Note 29)	(14)	–	–	(25)	(16)	(524)	(986)	–	(1,565)
Depreciation	(325,156)	–	(4,908)	(2,269)	(1,373)	(943)	(9,930)	(2)	(344,581)
Closing net book amount	2,645,622	1,917,300	83,903	1,979	1,693	2,091	73,878	1	4,726,467
At 31 December 2011									
Cost	**6,150,218**	**1,917,300**	**122,686**	**20,163**	**19,409**	**4,456**	**126,619**	**1,220**	**8,362,071**
Accumulated depreciation	**(3,504,596)**	**–**	**(38,783)**	**(18,184)**	**(17,716)**	**(2,365)**	**(52,741)**	**(1,219)**	**(3,635,604)**
Net book amount	**2,645,622**	**1,917,300**	**83,903**	**1,979**	**1,693**	**2,091**	**73,878**	**1**	**4,726,467**

At 31 December 2011, the carrying amount of the Group's office equipment held under finance leases was HK$Nil (2010: HK$6,000). Depreciation expense of HK$344,581,000 (2010: HK$343,096,000) has been charged in cost of services.

During the year ended 31 December 2011, additions to teleport and hub equipment of HK$36,889,000 (2010: HK$Nil) was purchased from a jointly controlled entity.

8 INTANGIBLE ASSETS — GROUP

	Licences HK$'000	Goodwill HK$'000	Total HK$'000
At 1 January 2010			
Cost	1,889	38,675	40,564
Accumulated amortisation and impairment	(1,889)	—	(1,889)
Net book amount	—	38,675	38,675
Years ended 31 December 2010 and 2011			
Opening net book amount	—	38,675	38,675
Closing net book amount	—	38,675	38,675
At 31 December 2010 and 2011			
Cost	1,889	38,675	40,564
Accumulated amortisation and impairment	(1,889)	—	(1,889)
Net book amount	—	38,675	38,675

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 amount to the carrying amount as at the year end reporting date. The recoverable amount of the Group's CGU is determined based on the CGU's fair value less costs to sell with reference to recent quote for a comparable company. At 31 December 2011, this recoverable amount exceeded the carrying value of the Group's CGU. Management believes that any reasonably foreseeable change in the fair value less costs to sell the CGU would not cause it to fall below the carrying amount of the goodwill.

9 INVESTMENTS IN SUBSIDIARIES

	Company	
	2011	2010
	HK$'000	HK$'000
Unlisted shares in subsidiaries, at cost	**429,054**	429,054
Investment in Share Award Trust (Note b)	**15,154**	23,189
	444,208	452,243

At 31 December 2011, the amount due from a subsidiary of HK$40,473,000 (2010: HK$24,012,000), denominated in Hong Kong Dollars, has no fixed terms of repayment and is unsecured and interest-free.

(a) Particulars of subsidiaries

The following is the list of the principal subsidiaries at 31 December 2011:

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.

9 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Controlled special purpose entity

The Company has set up a trust, Asia Satellite Share Award Trust (the "Trust"), for the purpose of administering the Share Award Scheme established by the Company during 2007. In accordance with HK(SIC), Int 12, the Company is required to consolidate the Trust as the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of employees who have been awarded the Awarded Shares through their employment with the Group.

Special purpose entity	Place of incorporation	Principal activities
Asia Satellite Share Award Trust	Jersey, Channel Islands	Administering and holding the Company's shares for the Share Award Scheme for the benefit of eligible employees

10 INTEREST IN A JOINTLY CONTROLLED ENTITY — GROUP

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

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**136,500**	136,500
Share of losses (note (a))	**(136,500)**	(53,822)
	—	82,678
Loan to the jointly controlled entity (note (b))	**22,816**	31,649
Impairment charge (note (b))	**(22,816)**	—
	—	114,327

10 INTEREST IN A JOINTLY CONTROLLED ENTITY — GROUP (CONTINUED)

Notes:

(a) During the year, the Group took up additional share of losses in the jointly controlled entity. The accumulative share of losses has exceeded the Group's interest in the jointly controlled entity and hence the Group did not recognise the excess amount and has reduced its investment cost to zero as at 31 December 2011.

(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. During the year, the Group has purchased certain property, plant and equipment from the jointly controlled entity at a consideration of HK$36,889,000 (2010: Nil). Settlement is made by way of offsetting with the loan for same amount (Note 29). Accordingly, as at 31 December 2011, the remaining fair value of the shareholder's loan was HK$22,816,000 (2010: HK$31,649,000) which was based on cash flows discounted using a rate of 3.3 % (2010: 3.3%). The discount rate used equals to average of United States 10 year Treasury Yield.

The Group has recorded a full provision for impairment on the shareholder's loan because management considered that it is probable that the jointly controlled entity may not have sufficient cash to meet its liabilities. Accordingly, an impairment charge of HK$22,816,000 (2010: Nil) has been charged to the statement of comprehensive income for the year.

(c) On 13 December 2011, the Group entered into a share transfer agreement with an independent third party to dispose of its entire 50% interest in DISH-HD Asia Satellite at a consideration of US$1. Refer to Note 15 to these financial statements for more details.

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Effective interest held
DISH-HD Asia Satellite	Cayman Islands, limited liability company	Investment holding, Hong Kong	2 shares of Class A Common Share of US$1 each; 349,998 shares of Class B Common Share of US$0.01 each	50%
Power Star Limited	Hong Kong, limited liability company	Manage and distribute digital content, Hong Kong	1 ordinary share of HK$1 each	50%
EchoStar Asia Multimedia Limited	Cayman Islands, limited liability company	Provision of Direct-to-Home satellite television service, Taiwan	100 shares of par value US$0.01 each	50%

10 INTEREST IN A JOINTLY CONTROLLED ENTITY — GROUP (CONTINUED)

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

	2011 HK$'000	2010 HK$'000
Non-current assets	**4,561**	40,577
Current assets	**40,847**	85,656
Non-current liabilities	**(25,297)**	(29,929)
Current liabilities	**(20,038)**	(13,626)
	73	82,678
Income	**15,286**	25,621
Expenses	**(100,365)**	(67,201)
Net loss for the year	**(85,079)**	(41,580)

Net loss for the year included an amount of HK$2,401,000 not shared by the Group as it has exceeded the investment costs held by the Group as of 31 December 2011.

11 AMOUNT PAID TO TAX AUTHORITY — GROUP

At 31 December 2011, an amount of approximately HK$37,704,000 (2010: HK$221,202,000) had been paid to the Government of India. For details, please refer to Note 31.

12 INVENTORIES — GROUP

	2011 HK$'000	2010 HK$'000
Merchandise	**5,467**	4,432
Provision for impairment (Note 22)	**(98)**	—
	5,369	4,432

The cost of inventories recognised as expense and included in cost of services amounted to HK$9,517,000 (2010: HK$19,417,000).

13 TRADE AND OTHER RECEIVABLES — GROUP

	2011 HK$'000	2010 HK$'000
Trade receivables	**264,453**	108,174
Trade receivables from related parties (Note 33(d))	**90,618**	58,717
Less: provision for impairment of trade receivables	**(63,046)**	(25,908)
Trade receivables — net	**292,025**	140,983
Other receivables	**40,030**	60,475
Other receivables from related parties (Note 33(d))	**4,604**	2,384
Deposits and prepayments	**31,959**	25,561
Less: provision for impairment of other receivables	**—**	(243)
	368,618	229,160

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

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

13 TRADE AND OTHER RECEIVABLES — GROUP (CONTINUED)

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:

	2011	2010
	HK$'000	HK$'000
0 to 30 days	**118,202**	59,973
31 to 60 days	**42,297**	21,719
61 to 90 days	**30,492**	22,212
91 to 180 days	**84,020**	30,127
181 days or above	**80,060**	32,860
	355,071	166,891

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.

As of 31 December 2011, trade receivables of HK$63,046,000 (2010: HK$25,908,000) 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:

	2011	2010
	HK$'000	HK$'000
0 to 30 days	**8,312**	1,235
31 to 60 days	**3,681**	378
61 to 90 days	**11,531**	1,261
91 to 180 days	**9,146**	436
181 days or above	**30,376**	22,598
	63,046	25,908

13 TRADE AND OTHER RECEIVABLES — GROUP (CONTINUED)

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

	2011 **HK$'000**	2010 HK$'000
At 1 January	**25,908**	31,109
Provision/(write back) for impairment of receivables, net (Note 22)	**37,340**	(2,732)
Amounts written off	**(202)**	(2,469)
At 31 December	**63,046**	25,908

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.

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

	2011 **HK$'000**	2010 HK$'000
0 to 30 days	**109,890**	58,738
31 to 60 days	**38,616**	21,341
61 to 90 days	**18,961**	20,951
91 to 180 days	**74,874**	29,691
181 days or above	**49,684**	10,262
	292,025	140,983

Trade receivables that were past due but not impaired relate to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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

14 CASH AND CASH EQUIVALENTS — GROUP

	2011 HK$'000	2010 HK$'000
Cash at bank and on hand	**84,851**	172,401
Short-term bank deposits	**2,181,633**	2,113,763
	2,266,484	2,286,164

The effective interest rate on short-term bank deposits was 1.2% (2010: 0.8%) and these deposits have an average maturity of 47 days (2010: 51 days).

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

	2011 HK$'000	2010 HK$'000
Cash and cash equivalents	**2,266,484**	2,286,164

15 ASSETS HELD FOR SALE — GROUP

On 13 December 2011, the Group entered into a share transfer agreement with an independent third party to dispose of its entire 50% interest in DISH-HD Asia Satellite, the jointly controlled entity, at a consideration of US$1. The carrying amount of the investment was classified as assets held for sale following the approval of the Company's Board of Directors on 6 December 2011 to dispose of this investment. As at 31 December 2011, the sales transaction was yet to complete pending for certain regulatory approval. Management expects that this transaction will be completed within the next twelve months from the balance sheet date.

16 SHARE CAPITAL

	2011 Number of shares ('000)	2011 HK$'000	2010 Number of shares ('000)	2010 HK$'000
Authorised:				
Ordinary shares at HK$0.1 each	**550,000**	**55,000**	550,000	55,000
Issued and fully paid:				
At 31 December	**391,196**	**39,120**	391,196	39,120

Share Award Scheme

Scheme adopted on 22 August 2007

On 22 August 2007, the Board approved the establishment of a Share Award Scheme ("Scheme") with the objective to enhance the competitiveness of the Group in attracting and retaining the best senior staff for the development of the Group's business. Under the Scheme, award shares of the Company ("Award Shares") are granted to eligible employees of the Company or any one of its subsidiaries.

Pursuant to the rules of the Scheme, the Company has set up the Trust for the purpose of administering the Scheme and holding the Award Shares before they vest (Note 9(b)). The Company pays cash to the Trust from time to time for the purchase of Award Shares.

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 557,759 shares (2010: 890,427 shares) have been awarded to executive directors and employees at no consideration. A total of 1,075,507 shares (2010: 251,046 shares) at a cost of HK$12,831,000 (2010: HK$2,995,000) were vested during the year.

The number of shares awarded to and vested in the executive directors was 77,080 shares (2010: 241,611 shares) and 537,845 shares (2010: 70,016 shares) respectively for the year ended 31 December 2011.

16 SHARE CAPITAL (CONTINUED)

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

	2011		2010	
	Average fair value per share	Number of Award Shares	Average fair value per share	Number of Award Shares
At 1 January		2,651,879		2,012,498
Awarded	18.00	557,759	11.82	890,427
Vested	11.93	(1,075,507)	11.93	(251,046)
At 31 December		2,134,131		2,651,879

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

	2011		2010	
	Value HK$'000	Number of shares held	Value HK$'000	Number of shares held
At 1 January	12,891	1,080,144	15,886	1,331,190
Purchase during the year	1,000	60,000	—	—
Shares vested during the year	(12,831)	(1,075,507)	(2,995)	(251,046)
At 31 December	1,060	64,637	12,891	1,080,144

The remaining vesting periods of the Award Shares outstanding as at 31 December 2011 are between 0.5 year to 4.5 years.

17 OTHER RESERVES

(a) Group

	Share premium HK$'000	Share-based payment reserve HK$'000	Shares held under Share Award Scheme HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2010	17,866	5,573	(15,886)	5,449,879	5,457,432
Share-based payment	—	8,079	—	—	8,079
Shares vested under Share Award Scheme	—	(2,995)	2,995	—	—
Profit for the year	—	—	—	694,590	694,590
Final dividend relating to 2009	—	—	—	(125,183)	(125,183)
Interim dividend relating to 2010	—	—	—	(31,295)	(31,295)
Dividend for shares held by Share Award Trust	—	—	—	513	513
At 31 December 2010	17,866	10,657	(12,891)	5,988,504	6,004,136
At 1 January 2011	17,866	10,657	(12,891)	5,988,504	6,004,136
Share-based payment	—	17,628	—	—	17,628
Purchase of shares under Share Award Scheme	—	—	(1,000)	—	(1,000)
Shares vested under Share Award Scheme	—	(12,831)	12,831	—	—
Profit for the year	—	—	—	822,685	822,685
Final dividend relating to 2010	—	—	—	(176,038)	(176,038)
Interim dividend relating to 2011	—	—	—	(31,296)	(31,296)
Dividend for shares held by Share Award Trust	—	—	—	491	491
At 31 December 2011	**17,866**	**15,454**	**(1,060)**	**6,604,346**	**6,636,606**

17 OTHER RESERVES (CONTINUED)

(b) Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2010	17,866	5,573	390,055	12,320	425,814
Share-based payment	—	8,079	—	—	8,079
Shares vested under Share Award Scheme	—	(2,995)	—	—	(2,995)
Final dividend relating to 2009	—	—	—	(125,183)	(125,183)
Interim dividend relating to 2010	—	—	—	(31,295)	(31,295)
Profit for the year	—	—	—	158,591	158,591
At 31 December 2010	17,866	10,657	390,055	14,433	433,011
At 1 January 2011	17,866	10,657	390,055	14,433	433,011
Share-based payment	—	17,628	—	—	17,628
Shares vested under Share Award Scheme	—	(12,831)	—	—	(12,831)
Final dividend relating to 2010	—	—	—	(176,038)	(176,038)
Interim dividend relating to 2011	—	—	—	(31,296)	(31,296)
Profit for the year	—	—	—	210,374	210,374
At 31 December 2011	**17,866**	**15,454**	**390,055**	**17,473**	**440,848**

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the Group reorganisation prior to the listing of the Company's shares in 1996.

17 OTHER RESERVES (CONTINUED)

(b) Company (continued)

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital.

In the opinion of the Directors, as at 31 December 2011, the Company's reserves available for distribution consisted of the share-based payment reserve of HK$15,454,000 (2010: HK$10,657,000), contributed surplus of HK$390,055,000 (2010: HK$390,055,000) and retained earnings of HK$17,473,000 (2010: HK$14,433,000).

18 DEFERRED REVENUE — GROUP

	2011 HK$'000	2010 HK$'000
The maturity of deferred revenue is as follows:		
Within one year	232,927	281,766
More than one year	90,011	107,828
	322,938	389,594

19 OBLIGATIONS UNDER FINANCE LEASES — GROUP

At 31 December 2011, the Group has obligations under finance leases repayable as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Within one year	**–**	8	**–**	7
Less: future finance charges	**–**	(1)	**–**	—
Present value of lease obligations	**–**	7	**–**	7

20 DEFERRED INCOME TAX LIABILITIES — GROUP

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

	2011	2010
	HK$'000	HK$'000
At 1 January	**255,718**	220,537
Recognised in the consolidated statement of comprehensive income (Note 25)	**31,878**	35,181
At 31 December	**287,596**	255,718

20 DEFERRED INCOME TAX LIABILITIES — GROUP (CONTINUED)

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

	Accelerated tax depreciation HK$'000	Share-based payment reserve HK$'000	Tax losses HK$'000	Total HK$'000
At 1 January 2010	242,522	(460)	(21,525)	220,537
Recognised in the consolidated statement of comprehensive income	14,075	(419)	21,525	35,181
At 31 December 2010	256,597	(879)	—	255,718
Recognised in the consolidated statement of comprehensive income	32,274	(396)	—	31,878
At 31 December 2011	**288,871**	**(1,275)**	**—**	**287,596**

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$15,197,000 (2010: HK$18,717,000) in respect of losses amounting to HK$92,106,000 (2010: HK$113,437,000), in respect of a subsidiary, that can be carried forward against future taxable income. These losses do not expire under the current tax legislation.

21 OTHER GAINS — NET

	2011 HK$'000	2010 HK$'000
Interest income	**45,840**	25,116
Net gain on disposals of property, plant and equipment other than transponders	**698**	585
Others	**—**	921
	46,538	26,622

22 EXPENSES BY NATURE

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

	2011	2010
	HK$'000	HK$'000
Auditor's remuneration	**1,650**	1,430
Write off of trade receivables	**257**	37
Provision/(write back) for impairment		
— Trade receivables (Note 13)	**37,340**	(2,732)
— Other receivables (Note 13)	**—**	243
— Inventories (Note 12)	**98**	—
Depreciation		
— Property, plant and equipment (Note 7)	**344,581**	343,096
Employee benefit expense (Note 23)	**169,708**	135,070
Operating leases		
— Office premises	**10,873**	9,977
— Property, plant and equipment	**53**	—
— Leasehold land and land use rights (Note 6)	**583**	583
Net exchange loss/(gain)	**2,119**	(2,397)
Cost of inventories sold	**9,517**	19,417
Marketing and promotions expense	**11,279**	8,228
Satellite operations	**7,491**	8,346

23 EMPLOYEE BENEFIT EXPENSE

	2011 HK$'000	2010 HK$'000
Salary and other benefits, including directors' remuneration	**144,796**	120,512
Share-based payment	**17,628**	8,079
Pension costs — defined contribution plans	**7,284**	6,479
Total staff costs	**169,708**	135,070

	2011	2010
Number of employees	**191**	176

(a) Pensions — defined contribution plans

Forfeited contributions totaling HK$244,000 (2010: HK$334,000) 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 2011 and 31 December 2010.

23 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' emoluments

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

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

23 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' emoluments (continued)

The remuneration of every Director for the year ended 31 December 2010 is set out below:

Name of Director	Fees HK$'000	Salary HK$'000	Performance related bonuses HK$'000	Other benefits (a) HK$'000	Employer's contribution to pension scheme HK$'000	Share-based payment HK$'000	Total HK$'000
Peter JACKSON (d)	–	3,581	2,821	2,097	527	2,541	11,567
MI Zeng Xin (f)	200	–	–	–	–	–	200
JU Wei Min (f)	100	–	–	–	–	–	100
LUO Ning (b) & (f)	94	–	–	–	–	–	94
GUAN Yi (f) & (e)	100	–	–	–	–	–	100
DING Yu Cheng (c) & (f)	6	–	–	–	–	–	6
Sherwood P. DODGE (g)	200	–	–	–	–	–	200
John F. CONNELLY (g)	150	–	–	–	–	–	150
Nancy KU (g)	100	–	–	–	–	–	100
Mark CHEN (g)	100	–	–	–	–	–	100
Edward CHEN	325	–	–	–	–	–	325
Robert SZE	350	–	–	–	–	–	350
James WATKINS	325	–	–	–	–	–	325
William WADE	–	2,777	2,188	1,655	417	566	7,603
Total	2,050	6,358	5,009	3,752	944	3,107	21,220

Notes:

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

(b) Appointed on 22 January 2010.

(c) Resigned on 22 January 2010.

(d) Resigned on 31 July 2011.

(e) Resigned on 9 January 2012.

(f) Paid to a subsidiary of CITIC.

(g) Paid to a subsidiary of GE.

23 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 (2010: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2010: three) individuals during the year are as follows:

	2011 HK$'000	2010 HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	9,615	9,475
Employer's contribution to pension scheme	769	780
Performance related bonuses	3,924	4,644
Share-based payment	2,116	1,906
	16,424	16,805

The emoluments fell within the following bands:

	Number of individuals	
	2011	2010
Emolument bands		
HK$4,500,001 — HK$5,000,000	1	—
HK$5,000,001 — HK$5,500,000	1	1
HK$5,500,001 — HK$6,000,000	—	2
HK$6,000,001 — HK$6,500,000	1	—
	3	3

24 FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest expense:		
— asset retirement obligations	44	100
— obligations under finance leases	1	2
— net impact of discounting of loan to the jointly controlled entity (Note 10)	7,044	10,117
	7,089	10,219

25 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% (2010: 16.5%) on the estimated assessable profit for the year.

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation, that range from 7% to 42.23% (2010: 7% to 20%), prevailing in the countries in which the profit is earned.

Details of deferred taxation are set out in Note 20.

25 INCOME TAX EXPENSE (CONTINUED)

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

	2011 HK$'000	2010 HK$'000
Current income tax		
— Hong Kong profits tax	56,407	33,437
— Over-provision in prior year	—	(1,246)
— Overseas taxation	21,571	13,538
Total current tax	77,978	45,729
Deferred income tax (Note 20)		
— Current year	31,878	34,195
— Over-provision for deferred tax assets in prior year	—	986
Total deferred tax	31,878	35,181
Income tax expense	109,856	80,910

25 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:

	2011 HK$'000	2010 HK$'000
Profit before income tax	**932,424**	775,379
Tax calculated at tax rate of 16.5% (2010: 16.5%)	**153,850**	127,938
Tax effect of income not subject to income tax	**(136,174)**	(110,818)
Tax effect of expenses not deductible for tax purposes	**61,765**	47,595
Tax effect of unrecognised timing differences by a subsidiary	**(1,119)**	(1,400)
Tax effect of tax losses of a jointly controlled entity not recognised	**13,642**	6,861
Effect of income tax rate differential between Hong Kong and overseas locations	**21,567**	13,534
Utilisation of previously unrecognised tax losses by a subsidiary	**(3,675)**	(2,540)
Over-provision in prior year, net	**—**	(260)
Tax expense	**109,856**	80,910

The effective tax rate of the Group was 11.8% (2010: 10.4%).

26 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK$210,373,000 (2010: HK$158,591,000).

27 EARNINGS PER SHARE

Basic

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

	2011	2010
Profit attributable to owners of the Company (HK$'000)	**822,685**	694,590
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,503**	389,963
Basic earnings per share (HK$ per share)	**2.11**	1.78

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

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.

	2011	2010
Profit used to determine diluted earnings per share (HK$'000)	**822,685**	694,590
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,503**	389,963
Effect of Award Shares (in thousands)	**1,125**	1,285
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	**391,628**	391,248
Diluted earnings per share (HK$ per share)	**2.10**	1.78

28 DIVIDENDS

The dividends paid in 2011 and 2010 were HK$206,843,000 (HK$0.53 per share) and HK$155,965,000 (HK$0.40 per share) respectively. The directors do not recommend the payment of a final dividend for the year ended 31 December 2011.

	2011	2010
	HK$'000	HK$'000
Interim dividend paid of HK$0.08 (2010: HK$0.08) per ordinary share	**31,296**	31,295
Proposed final dividend of HK$Nil (2010: HK$0.45) per ordinary share	**—**	176,038
	31,296	207,333

The aggregate amounts of the dividends paid and proposed during 2011 and 2010 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

29 CASH GENERATED FROM THE OPERATIONS

	2011 HK$'000	2010 HK$'000
Profit before income tax	**932,424**	775,379
Adjustments for:		
— Write off of trade receivables (Note 22)	**257**	37
— Provision/(write back) for impairment		
— Trade receivables (Note 22)	**37,340**	(2,732)
— Other receivables (Note 22)	**—**	243
— Inventories (Note 22)	**98**	—
— Share-based payment (Note 23)	**17,628**	8,079
— Amortisation of prepaid operating lease payments (Note 6)	**583**	583
— Depreciation (Note 7)	**344,581**	343,096
— Net gain on disposals of property, plant and equipment (see below)	**(698)**	(585)
— Interest income (Note 21)	**(45,840)**	(25,116)
— Finance costs (Note 24)	**7,089**	10,219
— Share of losses of a jointly controlled entity	**82,678**	41,580
— Provision for impairment loss on loan to a jointly controlled entity (Note 10)	**22,816**	—
Changes in working capital:		
— Unbilled receivables	**23,338**	17,609
— Amount received from/(paid to) tax authority	**183,498**	(16,392)
— Inventories	**(1,035)**	(691)
— Trade and other receivables	**(171,318)**	181,640
— Loan to a jointly controlled entity (Note 10)	**(35,100)**	(33,966)
— Other amounts received in advance	**(121,788)**	159,052
— Other payables and accrued expenses	**4,609**	(62,104)
— Deferred revenue	**(66,656)**	114,918
Cash generated from the operations	**1,214,504**	1,510,849

29 CASH GENERATED FROM THE OPERATIONS (CONTINUED)

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

	2011 HK$'000	2010 HK$'000
Net book amount of disposals (Note 7)	1,565	453
Net gain on disposals (Note 21)	698	585
Proceeds from disposals of property, plant and equipment	2,263	1,038

Non-cash transactions

During the year, there were HK$36,889,000 (2010: HK$Nil) non-cash transactions with respect to the purchase of property, plant and equipment from a jointly controlled entity settled by way of offsetting with the loan due to the Group (Note 10).

30 FINANCIAL INSTRUMENTS BY CATEGORY

Group

	Loans and receivables	
	2011 HK$'000	2010 HK$'000
Assets as per consolidated statement of financial position		
Loan to the jointly controlled entity (Note 10)	–	31,649
Trade and other receivables excluding prepayments	348,065	213,643
Cash and cash equivalents (Note 14)	2,266,484	2,286,164
Total	2,614,549	2,531,456

30 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Group (Continued)

	Financial liabilities at amortised cost	
	2011	2010
	HK$'000	HK$'000
Liabilities as per consolidated statement of financial position		
Obligations under finance leases	**—**	7
Construction payables	**36,064**	5,930
Other payables and accrued expenses — current	**100,506**	95,899
Other payables — non-current	**2,150**	2,106
Total	**138,720**	103,942

Company

	Loans and receivables	
	2011	2010
	HK$'000	HK$'000
Assets as per statement of financial position		
Amount due from a subsidiary	**40,473**	24,012

	Financial liabilities at amortised cost	
	2011	2010
	HK$'000	HK$'000
Liabilities as per statement of financial position		
Other payables and accrued expenses	**4,836**	4,631

31 CONTINGENCIES

The Group has been assessed for tax by the Indian tax authority ("IR") on revenues received in respect of income from 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 at 31 December 2011, the total amount of tax assessed by the IR amounted to INR1,745 million or approximately HK$301 million for the assessment years from 1997–98 to 2008–09. The High Court in New Delhi pronounced orders dated 31 January 2011, 10 March 2011 and 20 December 2011 pertaining to the respective assessment years in favour of the Group for the assessment years from 1997–98 to 2007–08 that revenues earned by the Group are not chargeable to tax in India under the provisions of the Indian Income Tax Act. In addition to tax, the Group has also been charged interest by the IR, primarily due to non-payment of advance tax. The Group is of the view that it is not liable to such interest and this view is supported by the order issued by the High Court on 14 January 2011 which held that interest for non-payment of advance tax for the assessment years from 1998–99 to 2005–06 cannot be levied on the Group.

For the payments of tax and interest totalling INR1,260 million or approximately HK$221 million previously made by the Group to the IR for the nine assessment years from 1997–98 to 2005–06, the Group has successfully claimed and received the refund of these payments along with interest on the refund in June 2011 following the High Court orders mentioned above. In addition, the Group was granted another tax refund in November 2011 pertaining to the two assessment years from 2006–07 to 2007–08 following the favourable order of the Tax Tribunal in May 2011. However, the IR has withheld a total amount of INR254 million or HK$38 million to cover the tax assessed for the assessment year 2008–09 which is not covered by the said High Court orders. In this regard, the Group has filed an appeal to the Tax Tribunal against the 2008–09 assessment order and will proceed to claim the tax refund of INR254 million after obtaining a favourable ruling from the Tax Tribunal. The Group has recorded this amount as an asset under "Amount paid to tax authority" on the assumption that it is recoverable as at 31 December 2011.

Management anticipates that the IR may continue assessing the Group for Indian tax for assessment years post 2008–09 until the issues are settled finally by the Supreme Court of India. In late 2011, the IR has filed appeals for the nine assessment years from 1997–98 to 2005–06 before the Supreme Court with respect to the orders of the High Court dated 31 January 2011 and 10 March 2011. The IR's appeal has been admitted by the Supreme Court in January 2012 and the final hearing is estimated to take place in mid 2012. Further, management expects that the IR may also file appeals before the Supreme Court for the assessment years from 2006–07 to 2007–08 by mid 2012. The final decision of the IR's appeals before the Supreme Court may not be known until 2013. Based on the orders pronounced by the High Court, the Group is of the view that it has strong grounds to continue to successfully argue before the Indian Courts that it is not liable to tax in India.

31 CONTINGENCIES (CONTINUED)

Subsequent to the year end, the 2012 Union Budget of India was presented to the Indian Parliament on 16 March 2012. This Union Budget includes the Finance Bill that proposes several retrospective amendments ("RA") to the Income Tax Act pending for approval by the Indian Parliament scheduled for May 2012. Should the Finance Bill be approved, it may lead to unfavourable consequences to the Group's current tax proceedings in the Indian Courts. Management is currently seeking clarifications from its legal and tax advisors in order to assess the potential exposure to the Group arising from the possible adoption of the new RA. As of the date of approval of these consolidated financial statements, this assessment is not yet complete and the directors consider that the degree of uncertainty with respect to the potential financial impact, if any, on the Group cannot be determined.

Based on the outcome of the High Court's orders and the potential changes in tax laws in India were announced after the balance sheet date, no provision has been recognised for Indian tax in the Group's 2011 consolidated financial statements as in prior years.

32 COMMITMENTS — GROUP

Capital commitments

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

	2011	2010
	HK$'000	HK$'000
AsiaSat 7		
Contracted but not provided for	**76,703**	748,205
Authorised but not contracted	**9,478**	22,932
AsiaSat 6		
Contracted but not provided for	**851,424**	—
AsiaSat 8		
Contracted but not provided for	**881,174**	—
Launch services for new satellites		
Authorised but not contracted	**889,200**	763,230
Other assets		
Contracted but not provided for	**36,940**	8,958
	2,744,919	1,543,325

32 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 22.

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

	2011	2010
	HK$'000	HK$'000
Not later than 1 year	**10,017**	5,644
Later than 1 year and not later than 5 years	**13,781**	1,089
	23,798	6,733

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$13,797,000 (2010: HK$2,542,000).

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

	2011	2010
	HK$'000	HK$'000
Not later than 1 year	**17,371**	1,973
Later than 1 year and not later than 5 years	**28,483**	2,673
	45,854	4,646

33 RELATED PARTY TRANSACTIONS

At 31 December 2011, 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 which was classified as assets held for sale as at 31 December 2011 (Note 10).

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

	2011	2010
	HK$'000	HK$'000
CITICSat	**189,113**	128,478
CITIC Guoan Information Industry Company Limited	**—**	734
Power Star Limited	**35,100**	33,966
	224,213	163,178

33 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.

	2011 HK$'000	2010 HK$'000
Power Star Limited	7,381	5,846

(b) Marketing expense

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

	2011 HK$'000	2010 HK$'000
CITICSat	1,251	11,395

During the year, a refund of HK$6,982,000 was received from the relevant tax authority for the overpayment of business tax in China for previous years (2010: Nil).

(c) Key management compensation

	2011 HK$'000	2010 HK$'000
Salaries and other short-term employee benefits	48,673	50,955
Share-based payment	8,463	5,601
	57,136	56,556

33 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation (continued)

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

	2011 HK$'000	2010 HK$'000
A subsidiary of CITIC	500	500
A subsidiary of GE	550	550
	1,050	1,050

(d) Year end balances arising from these transactions

	2011 HK$'000	2010 HK$'000
Trade receivables from related parties (Note 13):		
CITIC Guoan Information Industry Company Limited	—	734
CITICSat (Note)	90,618	57,983
	90,618	58,717
Other receivables from related parties (Note 13):		
CITICSat	3,317	—
Power Star Limited	1,287	2,384
	4,604	2,384
Loan to a jointly controlled entity:		
Power Star Limited (Note 10)	—	31,649
Payables to related parties:		
CITICSat	—	2,870
Deferred revenue in relation to related parties:		
CITICSat	66,702	51,287

33 RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

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

Note:

Pursuant to the transponder master agreement as mentioned in Note (a)(i) above in respect of the Group's provision of satellite transponder capacity for use by CITICSat's customers, the Group will bear any credit risk in connection with services provided to these customers. Accordingly, the Group will assess whether there is any objective evidence that the amounts ultimately due from these customers may be impaired at each year end. At 31 December 2011, a provision for impairment of HK$3,000 (2010: HK$31,000) was recorded and included within the provision as disclosed in Note 13.

34 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Note 31 to the consolidated financial statements, there have been no other events subsequent to the year end which require adjustment or disclosure in the consolidated financial statements.

Financial Summary

	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Results					
Sales	939,273	1,031,697	1,162,918	1,456,222	**1,718,251**
Profit from ordinary activities before taxation	556,868	520,567	582,583	775,379	**932,424**
Taxation	(53,953)	(36,609)	(59,202)	(80,910)	**(109,856)**
Profit after taxation	502,915	483,958	523,381	694,469	**822,568**
Non-controlling interests	482	929	1,834	121	**117**
Profits attributable to owners	503,397	484,887	525,215	694,590	**822,685**
Earnings per share:					
Basic	HK$1.29	HK$1.24	HK$1.35	HK$1.78	**HK$2.11**
Diluted	HK$1.29	HK$1.24	HK$1.34	HK$1.78	**HK$2.10**
Assets and liabilities					
Total assets	5,540,005	5,778,013	6,289,617	7,065,310	**7,560,623**
Total liabilities	(733,017)	(646,270)	(791,687)	(1,020,797)	**(883,757)**
Shareholders' equity	4,806,988	5,131,743	5,497,930	6,044,513	**6,676,866**

Independent Auditor's Report

羅兵咸永道

To the shareholders of

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Asia Satellite Telecommunications Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 47 to 118, which comprise the consolidated and Company statements of financial position as at 31 December 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

AUDITOR'S RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2011 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, 22 March 2012

Shareholder Information

EXPECTED TIMETABLE

FINANCIAL YEAR ENDED 31 DECEMBER 2011

Annual General Meeting	June 2012

FINANCIAL YEAR ENDING 31 DECEMBER 2012

Interim Results announcement	August 2012
Interim dividend payable	November 2012
Annual Results announcement	March 2013
Report and financial statements published	April 2013
Annual General Meeting	May 2013
Final dividend payable	May 2013

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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Rosebank Centre
11 Bermudiana Road
Hamilton HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

Any matter relating to your shareholding, such as transfer of shares, change of name or address and loss of share certificates should be addressed in writing to the Registrar as above.

LISTING

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

Shareholder Information

DIVIDEND

The Directors do not recommend the payment of final dividend for the year ended 31 December 2011.

ORDINARY SHARES

Shares outstanding as at 31 December 2011: 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 2011

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

WEBSITE

http://www.asiasat.com
Annual/Interim reports and financial statements are available on line.

Shareholder Information

COMPANY CONTACT

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

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