Committed to Asia Growing with Asia

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

STOCK CODE: 1135

Annual Report 2013

About AsiaSat

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

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

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

www.asiasat.com

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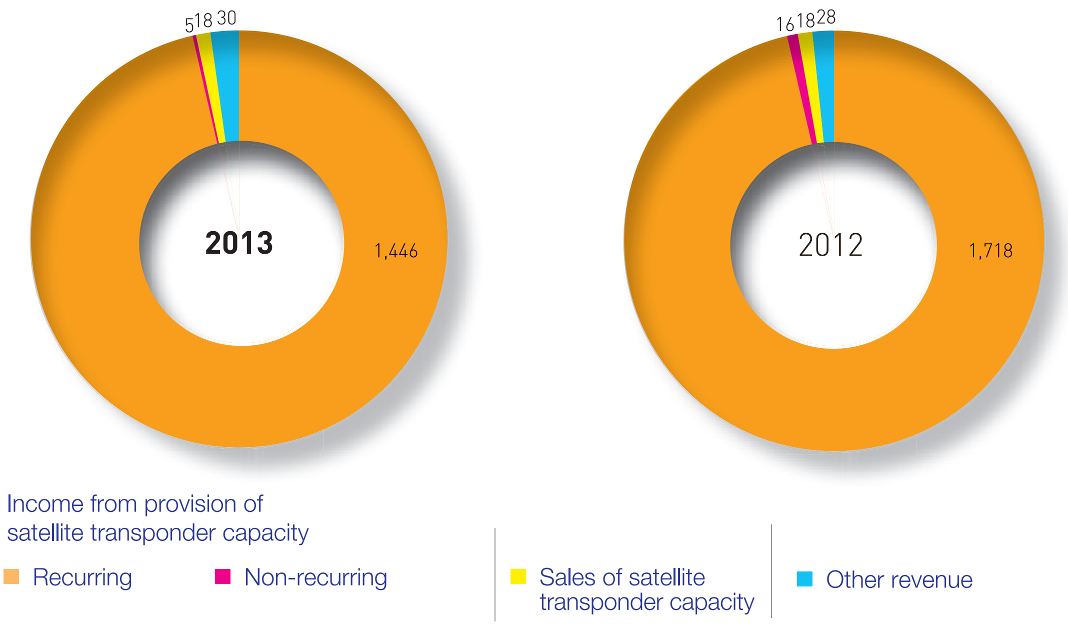
Financial Highlights

		2013	2012	Change
Turnover				
— Continuing operations	HK$M	**1,499**	1,780	–16%
— Discontinued operations	HK$M	**—**	183	–100%
Elimination on consolidation	HK$M	**—**	(78)	–100%
Consolidated Total		**1,499**	1,885	–20%
Profits attributable to owners of the Company	HK$M	**748**	914	–18%
Dividend	HK$M	**947**	751	+26%
Capital and reserves	HK$M	**7,522**	7,539	–0.2%
Earnings per share	HK cents	**191**	234	–18%
Dividend per share	HK cents	**242**	192	+26%
Dividend cover	Times	**0.8**	1.2	–33%
Return on equity	Percent	**10**	12	–2%
Net assets per share — book value	HK cents	**1,923**	1,927	–0.2%

ANALYSIS OF SALES FROM CONTINUING OPERATIONS (HK$M)



Corporate Information

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sherwood P. DODGE *(re-designated from Deputy Chairman to Chairman on 1 January 2014)*

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

JU Wei Min *(re-designated from Chairman to Deputy Chairman on 1 January 2014)*

EXECUTIVE DIRECTOR

William WADE *(President and Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

LUO Ning
Peter JACKSON
John F. CONNELLY
Nancy KU
MI Zeng Xin *(resigned on 9 May 2013)*
Mark CHEN *(resigned on 9 May 2013)*

ALTERNATE DIRECTOR

CHONG CHI YEUNG *(resigned as alternate director to MI Zeng Xin and appointed as alternate director to LUO Ning both on 9 May 2013)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Stephen LEE Hoi Yin *(appointed on 6 March 2013)*
Kenneth McKELVIE *(appointed on 6 March 2013)*
James WATKINS
Maura WONG Hung Hung *(appointed on 9 May 2013)*
Edward CHEN *(retired on 19 June 2013)*
Robert SZE *(retired on 19 June 2013)*

AUDIT COMMITTEE

Kenneth McKELVIE *(Chairman)* *(appointed on 19 June 2013)*
Stephen LEE Hoi Yin *(appointed on 19 June 2013)*
James WATKINS
Maura WONG Hung Hung *(appointed on 19 June 2013)*
JU Wei Min *(Non-voting)*
Nancy KU *(Non-voting)* *(appointed on 9 May 2013)*
Edward CHEN *(retired on 19 June 2013)*
Mark CHEN *(resigned on 9 May 2013)*
Robert SZE *(retired on 19 June 2013)*

COMPLIANCE COMMITTEE

James WATKINS *(Chairman)* *(appointed on 19 June 2013)*
Sherwood P. DODGE *(appointed on 19 June 2013)*
Peter JACKSON *(appointed on 19 June 2013)*
William WADE *(appointed on 19 June 2013)*
Stephen LEE Hoi Yin *(appointed on 19 June 2013)*
Kenneth McKELVIE *(appointed on 19 June 2013)*

NOMINATION COMMITTEE

Maura WONG Hung Hung *(Chairman)* *(appointed on 19 June 2013)*
JU Wei Min *(appointed on 9 May 2013)*
Sherwood P. DODGE
Stephen LEE Hoi Yin *(appointed on 19 June 2013)*
James WATKINS *(appointed on 19 June 2013)*
Edward CHEN *(retired on 19 June 2013)*
MI Zeng Xin *(resigned on 9 May 2013)*

REMUNERATION COMMITTEE

Stephen LEE Hoi Yin *(Chairman)* *(appointed on 19 June 2013)*
Peter JACKSON *(appointed on 19 June 2013)*
John F. CONNELLY *(appointed on 19 June 2013)*
Kenneth McKELVIE *(appointed on 19 June 2013)*
Maura WONG Hung Hung *(appointed on 19 June 2013)*
Edward CHEN *(retired on 19 June 2013)*
JU Wei Min *(resigned on 19 June 2013)*
Nancy KU *(resigned on 19 June 2013)*
Robert SZE *(retired on 19 June 2013)*
James WATKINS *(resigned on 19 June 2013)*

COMPANY SECRETARY

Sue YEUNG

AUTHORISED REPRESENTATIVES

William WADE
Sue YEUNG

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

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

OTHER BANKERS

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

PRINCIPAL SOLICITORS

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

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE

12/F., Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Chairman's Statement

A YEAR OF CHALLENGE AND OPPORTUNITY

After several consecutive years of record results, excluding the one-off impact of the Indian tax law changes, AsiaSat produced relatively flat returns in 2013, due mainly to the renewal of contracts with an anchor customer at a lower rate and increased competition in the market.

Nevertheless, we made several significant new customer acquisitions during the year and positioned ourselves for growth with the planned launch of AsiaSat 6 and AsiaSat 8 to provide new C and Ku-band capacity in the second half of 2014.

These new satellites, along with our renowned service quality, will enable us to broaden our customer base and open up new markets in the years to come.

CONNECTING PEOPLE AND THE WORLD

We are a leader in the satellite industry in Asia and continue to be competitive in our markets. We are based in Hong Kong but have a significant customer presence in the Asia-Pacific region and the Middle East, with an established international clientele of broadcasters, service providers, governments and enterprises. These clients recognise AsiaSat's service quality reliability and expertise that few of our competitors can match.

During the year, we reinforced our position as a premier satellite operator for broadcasting services in the region, for direct-to-home (DTH), television distribution and for occasional use services providing live coverage of major sports tournaments and events to viewers across the Asia-Pacific. In February this year, AsiaSat supported the live transmission of the Winter Olympics in Sochi, Russia to the Asia-Pacific. We will continue this tradition in 2014 by delivering live television coverage of the world's biggest and most viewed sporting event: the 2014 FIFA World Cup from Brazil.

During 2013 many news agencies and broadcasters relied upon AsiaSat to distribute breaking and special news from across the region. As media consumption patterns change with increased usage of mobile devices such as smartphones and tablets, we are well positioned to deliver instant access via mobile backhauling networks to sporting events, news and entertainment with superior connectivity.

Chairman's Statement

TURNOVER

Turnover from continuing operations for 2013 was HK$1,499 million (2012: HK$1,780 million), representing a decrease of 16% from the previous year. The decline was primarily due to the previous year's one-off revenue of HK$311 million resulting from the enactment of the Finance Act in India in May 2012, and a lower transponder lease rate for an anchor customer that became effective in 2013 which was partially offset by the short-term revenue generated from the leasing of AsiaSat 7. The turnover achieved was relatively flat when compared with the previous year if one-off revenue items are excluded.

OPERATING EXPENSES

Operating expenses in 2013, excluding depreciation, totalled HK$191 million (2012: HK$248 million), representing a decrease of 23% compared with 2012. The decrease was mainly the result of net exchange gains on the revaluation of bank deposits denominated in RMB and Indian tax payable denominated in Indian Rupees. There was also a reduction in professional fees spent in the year and the reversal of impairment provisions previously made on certain customer debts, which we were able to recover during the year.

DEPRECIATION

Depreciation for continuing operations in 2013 was HK$437 million (2012: HK$345 million), representing an increase of HK$92 million resulting from the commencement of depreciation of AsiaSat 7 during the year.

PROFIT

Profit attributable to equity holders for 2013 was HK$748 million (2012: HK$914 million), a decrease of HK$166 million. The decline was substantially due to the one-time gain from discontinued operations of HK$119 million, arising from the disposal of SpeedCast Holdings Limited ("SpeedCast"), our wholly-owned subsidiary, in 2012. In addition, the larger depreciation charge described above was only partially offset by a lower operating expense.

CASH FLOW

The Group generated a net cash outflow, including the movement in short-term deposits with maturities over three months, of HK$623 million in 2013 (2012: outflow of HK$165 million) after capital expenditure of HK$1,074 million (2012: HK$1,669 million). As of 31 December 2013, the Group had cash and bank balances of HK$1,501 million (31 December 2012: HK$2,105 million).

Chairman's Statement

DIVIDENDS

The Board will recommend a final dividend of HK$0.80 per share (2012: HK$0.80 per share) and a special dividend of HK$1.50 per share (2012: HK$1.00 per share) in the forthcoming Annual General Meeting to be held on 19 June 2014. This together with the interim dividend of HK$0.12 per share (2012: HK$0.12 per share), gives a total dividend of HK$2.42 per share (2012: HK$1.92 per share) for the year ended 31 December 2013.

CORE BUSINESS PERFORMANCE

New contracts won during the review period amounted to a total value of HK$617 million (2012: HK$162 million), while renewed contracts were HK$658 million (2012: HK$2,434 million). Combined new and renewed contracts amounted to HK$1,275 million (2012: HK$2,596 million). As previously disclosed, the reduction in contract value was due to renegotiation of a major customer contract in 2012.

INDIAN FINANCE ACT

The Finance Act passed in India in May 2012 continued to affect our business. The Act taxes revenue generated from the provision of satellite transponder capacity to Indian customers and any non-Indian customers considered to have earned income from any business or source in India.

The Indian Government approved in its budget an increase of the royalty withholding tax rate from 10% to 25% effective from 1 April 2013.

Nevertheless, as stated in previous reports, the amount of AsiaSat's revenue considered to be Indian sourced, and thus taxable in India, is still under discussion as of the date of this report.

The increase in the tax rate will have a negative impact on our future business, since to remain competitive in this market we may need to make pricing adjustments which could negatively impact our margins.

EX-IM BANK LOAN

In December 2013, AsiaSat signed an agreement for a long-term loan of up to US$345.5 million with the Export-Import Bank of the United States ("Ex-Im Bank"), an independent US government agency that provides low-interest loans to companies that purchase US products and services. The loan is to finance the construction and launch of AsiaSat 6 and AsiaSat 8 and has been partially drawn down during 2014.

This loan will enhance our capital structure and improve the Company's return on equity while allowing us to maintain financial flexibility to build additional capacity or look for suitable merger and acquisition opportunities.

Chairman's Statement

SATELLITES

Our fleet

AsiaSat's existing fleet of four in-orbit satellites — AsiaSat 3S, AsiaSat 4, AsiaSat 5 and AsiaSat 7 — continues to provide exceptional service to millions of people across the Asia-Pacific region.

The planned launches of our new satellites AsiaSat 6 and AsiaSat 8 remain on schedule for the second quarter of 2014. Once in orbit, these satellites will provide us with additional capacity to serve existing growth markets and exploit new opportunities.

AsiaSat 7, now in orbit, will fully replace AsiaSat 3S in the second quarter of 2014.

Future addition to our fleet

The preliminary design phase for AsiaSat 9 started in January 2014 and, when launched in 2017, will replace AsiaSat 4. AsiaSat 9 will introduce new services and coverage to the region and will enhance our position in the marketplace.

OUTLOOK FOR 2014

Despite the weak economic situation that is affecting some of our customers, we believe there continue to be growth opportunities in South Asia, Southeast Asia and the Middle East.

One of our strongest competitive advantages is AsiaSat's reputation amongst broadcasters for quality and service. Potential customers see that AsiaSat carries globally-recognised brands in the broadcast and media sector, and this "neighbourhood" effect influences their decision to choose AsiaSat to deliver their services.

The addition of new HD customers such as Edge Sport HD, along with the HD service expansion of existing customers such as Phoenix Satellite TV, will continue to have a positive effect on our business. In addition, new opportunities exist in the market for Ku-band services in Southeast Asia in countries where supply lags behind demand.

In 2014, the launch of AsiaSat 6 and AsiaSat 8 will provide new revenue streams, as customers take advantage of the increased capacity which these powerful new satellites will bring.

Acquiring new business in 2014 will remain a top priority. Our expanding satellite fleet and reputation for providing quality and reliable satellite capacity together with our commitment to our customers puts us in an excellent position to develop new business opportunities. The market remains highly competitive, but I believe our able management team and our high-quality services will enable us to move the business forward in 2014.

Chairman's Statement

ACKNOWLEDGMENTS

I would like to personally thank all of the AsiaSat management team and staff for their dedication and hard work in 2013. I would also like to thank our Board of Directors, some of whom retired during 2013, for their years of service.

Let me also take this opportunity to congratulate Mr. William Wade, our President and Chief Executive Officer, for the Satellite Executive of the Year in Asia-Pacific award he received in September from the Asia-Pacific Satellite Communications Council and I would like to acknowledge my predecessor, Mr. Ju Wei Min, whose leadership and wisdom during his time as chairman of the Board were instrumental in guiding our Company forward.

Finally, I would like to thank our customers, suppliers and shareholders for their continued support and to assure them that the year ahead will be one of renewed business opportunities for AsiaSat.

Sherwood P. DODGE
Chairman

20 March 2014

Operations Review

In 2013, AsiaSat continued to provide a competitive offering of reliable broadcast, telecommunications, broadband and VSAT services for customers across Asia, Australasia, the Middle East and the CIS.

The year saw increased demand for entertainment, information and communications services in all regions and this, in turn, was reflected in the rising demand for satellite capacity among international and national broadcasters, telecommunications service providers and end users.

Our reputation for providing a premium service and working closely with customers to help them achieve their business goals stood us well, as evidenced by a number of significant new customer acquisitions made during the year.

PERFORMANCE REVIEW

As anticipated, our financial performance in 2013 was not as good as that of 2012. Lack of one-off revenue and profits from the revenue provision for Indian tax law changes and the disposal of subsidiaries during the year, together with the restructuring of a major customer's contracts, affected our performance.

Turnover from continuing operations in 2013 reached HK$1,499 million, down by 16% from 2012. The decline was HK$281 million relative to last year, mainly because the previous year's one-off revenue of HK$311 million from customers resulting from the enactment of the Finance Act in India in May 2012. The impact on revenue arising from the restructuring of a major customer's contracts has been largely offset by the short-term revenue generated from leasing AsiaSat 7. Excluding these one-off effects, turnover was relatively flat when compared with the previous year.

Profit attributable to shareholders for 2013 decreased to HK$748 million, 18% less than 2012, as a result of the one-off gain from discontinued operations arising from the disposal in the year 2012 of the entire interest in our wholly-owned subsidiary, SpeedCast.

Despite the reduction in turnover and profitability in 2013, we remain optimistic as the launch of AsiaSat 6 and AsiaSat 8 in mid-2014 will create new opportunities for our business expansion in the years ahead.

Operations Review

CHALLENGES AND OPPORTUNITIES

The market continued to be challenging in 2013, as new satellite providers entered the market and existing providers offered incentives to customers. Nevertheless, we succeeded in attracting customers who recognised the value of our quality services. We are often also the first choice for customers outside the region entering this market, as we are a large operator, with high quality customers, and can provide extensive coverage across Asia and Australasia.

In April 2013, the implications of the Indian Finance Act discussed earlier came into full effect, which depressed our profit margins. Yet the demand for satellite services in this large and growing market continued to outpace the capacity supplied by many international and domestic satellite operators. AsiaSat is well positioned to fill this demand, particularly once our new satellites come on-stream in 2014.

The rapid growth of the middle class in Asia means that more and more households can afford High Definition Television (HDTV) and other premium services such as two-way broadband. This trend is creating additional demand for capacity which, in turn, is having a positive impact on our industry and AsiaSat in particular. In the next few years, we can also expect to see the commercial deployment of 4K UltraHD services, which will create demand for even greater capacity. We are currently watching the development of this technology closely so that we are prepared to offer it when it reaches maturity.

In less developed markets, there is still strong demand for Standard Definition (SD) broadcasting and, in some Asian countries, basic television services. On the other hand, the economic growth of some developing countries in Asia has been hindered by inadequate communications infrastructure. The development of Myanmar's banking sector, for example, has been restricted by the lack of modern telecommunications. We believe this emerging market, along with others in Asia, offers great potential for us in the future.

Another recent phenomenon is the result of shifting media consumption patterns among the younger generation, who tend to rely almost exclusively on a variety of mobile devices to access information and entertainment. Regardless of the hardware used, AsiaSat will be there to deliver the content and services to the platforms serving these younger customers, wherever and whenever they want them.

Operations Review

IN-ORBIT SATELLITES

In 2013 our in-orbit satellite fleet comprised AsiaSat 3S, AsiaSat 4, AsiaSat 5 and AsiaSat 7, all of which provided reliable service throughout the year, without incident.

Serving the Asian landmass, these satellites enabled our customers to provide comprehensive and dependable services throughout the region. The quality and power of our satellites, along with the range of services we offer, give customers a cost-effective and efficient solution for accessing two-thirds of the world's population.

AsiaSat 3S was launched in 1999 and is located at the 105.5°E slot with 28 C-band and 16 Ku-band transponders. The overall AsiaSat 3S utilisation rate as of 31 December 2013 was 65% (2012: 72%).

AsiaSat 4, launched in 2003, is positioned at 122°E and offers 28 C-band and 20 Ku-band transponders. AsiaSat 4's overall utilisation rate as of 31 December 2013 was 79% (2012: 87%).

AsiaSat 5, launched in 2009, is positioned at 100.5°E and carries 26 C-band and 14 Ku-band transponders. This satellite's overall utilisation rate as of 31 December 2013 was 77% (2012: 78%).

AsiaSat 7, our newest in-orbit satellite launched in 2011, carries 28 C-band transponders, 17 Ku-band transponders and a small Ka-band payload. Based on the Space Systems/Loral 1300 platform, AsiaSat 7 will offer a region-wide high-powered C-band beam covering Asia, the Middle East, Australasia and Central Asia, with Ku-band beams serving East and South Asia and a steerable beam addressing specific market demands.

With AsiaSat 7 due to replace AsiaSat 3S at the orbital location of 105.5°E in April 2014, we are reviewing the various opportunities to redeploy AsiaSat 3S for other opportunities to continue to generate revenue for the company.

As of 31 December 2013, the total number of transponders leased and sold on our three satellites (excluding AsiaSat 7) was 97 (2012: 105 transponders), a drop of 8%, while the fleet's overall utilisation rate decreased to 74% (2012: 79%) due to the early termination of some customers during the year. Revenue generated from occasional-use service amounted to HK$75 million (2012: HK$91 million), representing some 5% (2012: 5%) of recurrent revenue.

Operations Review

NEW SATELLITES

Our two new satellites, AsiaSat 6 and AsiaSat 8, are on schedule to launch in mid-2014.

AsiaSat 8 will have 24 Ku-band transponders and a Ka-band beam and will co-locate with AsiaSat 7 at 105.5°E, enabling us to provide high-powered Ku-band coverage in high growth markets of South Asia, South East Asia and the Middle East.

AsiaSat 6 will carry 28 high-powered C-band transponders and will serve customers from a new orbital location of 120°E. Once in orbit, AsiaSat 6 will be shared with Thaicom of Thailand as part of a co-operation agreement that gives Thaicom access to up to 50% of the satellite's 28 C-band transponders.

In December 2013, we finalised the contract to build AsiaSat 9, our newest satellite, and manufacturing has begun at Space Systems/Loral (SSL). AsiaSat 9 will be a replacement satellite for AsiaSat 4 at the orbital location of 122°E. This new satellite will provide service to multiple markets with more active transponders and higher power performance for advanced satellite services in the Asia-Pacific region. Although the co-operation agreement with GeoMetWatch reported in the 2013 interim report has terminated, the Group continues to explore a hosting of the hyperspectral STORM™ sensor on AsiaSat 9.

A GROWING PREMIUM CLIENT BASE

2013 saw AsiaSat providing HD service to a number of new and existing clients, notably Phoenix Satellite TV. The new television offerings from Phoenix TV provide a wide array of high-quality Chinese programmes in both HD and SD format to a large number of customers across the Chinese-speaking world in Asia.

In addition, Encompass Digital Media Asia selected AsiaSat to distribute Edge Sport HD, the first 24-hour premium action sports HD channel tailored for the fast-growing Asian market.

In 2013, LEO Television Network joined AsiaSat to distribute three Pakistani television channels including a multilingual film channel, an Urdu language South Asian movie channel, and a Pashto and Urdu-language infotainment channel.

All of these new partnerships are with premium broadcasters, and it is significant that they each chose AsiaSat to help them expand their reach to a large and sophisticated audience.

Operations Review

CONTRACTS ON HAND

As of 31 December 2013, the Group carried a contract backlog of HK$3,820 million (2012: HK$3,936 million), a decrease of HK$116 million. The decrease was mainly due to the shorter duration of renewed contracts and fewer major contracts signed during 2013.

BROADCAST AND UPLINK SERVICES

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

PROSPECTS

In spite of the fact that our performance in 2013 was not as robust as in 2012, we maintained a strong, competitive position in the marketplace. We are also confident in our prospects for 2014 when we will be launching AsiaSat 6 and AsiaSat 8, both of which offer significant opportunities for the expansion of our business.

William WADE
President and Chief Executive Officer

20 March 2014

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

In the interest of the shareholders of the Company ("Shareholders", and each a "Shareholder"), the Company is committed to high standards of corporate governance and is devoted to identifying and formalising best practices. Throughout 2013, the Group complied with the requirements of local and relevant overseas regulators, and applied the principles and complied with the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange with certain deviations as outlined below:

1. Pursuant to Code Provision A.5.1 of the CG Code, the Nomination Committee ("NC") should be chaired by the Chairman of the board of directors (the "Board", and each director, a "Director") or an independent non-executive Director ("INED") and comprise a majority of INEDs. During the period from 1 January 2013 to 18 June 2013, the NC was composed of three members, of whom only one was an INED who also chaired the NC, while the other two were non-executive Directors ("NED"s). The Company considered that it was more efficient to have a small NC as it allowed open, frank and focused discussions. Notwithstanding the foregoing, the Company appointed an additional two INEDs to the NC with effect from 19 June 2013, so that in compliance with the CG Code, the majority of members are INEDs, whilst substantially maintaining the effectiveness of the committee.

2. Pursuant to Code Provision A.6.7 of the CG Code, all NEDs and INEDs should attend general meetings of the Company to develop a balanced understanding of the views of shareholders. Mr. Luo Ning and Ms. Maura Wong Hung Hung, being a NED and an INED of the Company respectively, were unable to attend the annual general meeting of the Company held on 19 June 2013 ("2013 AGM") due to other business and personal commitments on that date. Mr. Chong Chi Yeung, alternate director to Mr. Luo, attended the 2013 AGM in the place of Mr. Luo.

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. Following specific enquiry by the Company, all Directors have confirmed that they fully complied with the Model Code throughout 2013.

Corporate Governance Report

THE COMPANY

The Company is listed on the Stock Exchange and the majority of its shares are held by a private company, Bowenvale Limited ("Bowenvale"), incorporated in British Virgin Islands, with a 74.43% holding. Both CITIC Group Corporation ("CITIC") and General Electric Company ("GE") have equal voting rights in Bowenvale, and in turn, enjoy equal voting rights in the Company. Under the shareholders' agreement of Bowenvale, CITIC and GE are each entitled to appoint, and remove, up to four Directors to, or from, the Board.

BOARD OF DIRECTORS

The Board is currently composed of 11 members: six appointed by the shareholders of Bowenvale, CITIC and GE, as NEDs, namely Mr. Sherwood P. Dodge (Chairman), Mr. Ju Wei Min (Deputy Chairman), Mr. Luo Ning, Mr. Peter Jackson, Mr. John F. Connelly and Ms. Nancy Ku; four INEDs, namely Mr. James Watkins, Mr. Stephen Lee Hoi Yin, Mr. Kenneth McKelvie and Ms. Maura Wong Hung Hung; and one Executive Director ("ED"), Mr. William Wade, who is also the President and Chief Executive Officer ("CEO") of the Company. The alternate Director is Mr. Chong Chi Yeung (alternate to Mr. Luo Ning).

Ordinarily, the Chairman and the Deputy Chairman of the Board are appointed in rotation for two years by CITIC and GE from their nominated Directors.

Pursuant to the requirement in the Listing Rules, the Company has received a written confirmation from each INED of his/her 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 senior management members.

The Board deals with strategic and policy issues and approves corporate plans and budgets and monitors the performance of management. The day-to-day operations of the Company are delegated to its senior management. The Board has established a framework of corporate governance and is supported by three committees, the Audit Committee ("AC"), the Nomination Committee ("NC") and the Remuneration Committee ("RC"), each of which has its own charter covering its authorities and duties. The Chairmen of these committees report regularly to the Board on matters discussed. The Board has also established the Business Development Committee, which review strategic business initiatives. During 2013, a new committee, the Compliance Committee ("CC") was set up to assist the Board on regulatory and other compliance matters of the Company.

Corporate Governance Report

BOARD OF DIRECTORS (CONTINUED)

The Chairman of the Board is responsible for the leadership and effective running of the Board, and ensuring that the Board discusses all key and appropriate issues in a timely and constructive manner. The CEO is delegated with the authority and responsibility of running the Group's business, and implementation of the Group's strategy in achieving its overall commercial objectives. The role of the Chairman and the CEO are segregated and not assumed by the same individual. Currently, Mr. Sherwood P. Dodge and Mr. Ju Wei Min act as Chairman and Deputy Chairman respectively, while Mr. William Wade acts as CEO.

All the INEDs and NEDs are appointed for specific terms of three years each or, in the case of initial appointment, for the period up to next re-election at the Company's AGM, whichever is earlier. They are all subject to retirement, rotation and re-election at the Company's AGM. Save as disclosed above in respect of the appointments of Directors by CITIC and GE, 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.

DIRECTORS' TRAINING

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

During the year, the Company organised two briefing sessions for its Directors, one conducted by a law firm and the other by an audit firm. The briefing sessions covered regulatory updates that are relevant to the business of the Group and the topic of Environmental, Social and Governance Reporting. In addition, individual Directors also participated in the other external seminars or briefings relating to the roles, functions and duties of a listed company director and the latest developments in regulatory requirements.

Corporate Governance Report

DIRECTORS' TRAINING (CONTINUED)

The following table summarises the training received by each Director in the year 2013 based on the training records provided by the Directors:

Name	In-House Briefing Sessions	External Seminars/ Briefing/Self Reading
NEDs		
Sherwood P. Dodge *(Chairman)*	√	√
Ju Wei Min *(Deputy Chairman)*	√	√
Luo Ning	√	√
Peter Jackson	√	√
John F. Connelly	√	√
Nancy Ku	√	√
Chong Chi Yeung (alternate to Luo Ning)	√	√
Mi Zeng Xin[1]	—	√
Mark Chen[1]	√	√
INEDs		
Stephen Lee Hoi Yin	√	√
Kenneth McKelvie	√	√
James Watkins	√	√
Maura Wong Hung Hung	√	√
Edward Chen[2]	√	√
Robert Sze[2]	√	√
ED		
William Wade *(CEO)*	√	√

[1] resigned on 9 May 2013

[2] retired on 19 June 2013

Corporate Governance Report

BOARD COMMITTEES

The Board has established a RC, a NC, and an AC in accordance with the CG Code.

REMUNERATION COMMITTEE

The objectives of the RC are as follows:

(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 executive Directors;

b. remuneration and other conditions for employees; and

c. emoluments of the INEDs and NEDs prior to their approval 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 remuneration packages for Directors, the CEO and senior executives; 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 following is a summary of the work performed by the RC in 2013:

(i) approved bonuses for 2013;

(ii) approved the amount of restricted share awards for eligible employees for 2013;

(iii) reviewed and approved the management bonus scheme for 2014; and

(iv) approved the review of 2014 salary.

Corporate Governance Report

REMUNERATION COMMITTEE (CONTINUED)

The Group has established a performance-based appraisal system. The present remuneration packages consists of salaries, performance bonuses, share awards (applicable to certain grades of employees) and fringe benefits that are comparable with the market. The basis of determining the emoluments payable to the Directors was a market survey included in an independent consultant's report.

Particulars of the Share Award Scheme are set out in note 11 to the consolidated financial statements.

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

Composition

The RC is composed of five members, of whom three are INEDs, namely Mr. Stephen Lee Hoi Yin, who is also the Chairman, Mr. Kenneth McKelvie and Ms. Maura Wong Hung Hung, whilst the other two members are NEDs, namely Mr. Peter Jackson and Mr. John F. Connelly.

NOMINATION COMMITTEE

The primary objectives of the NC are as follows:

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

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

(iii) oversees the evaluation of performance of the Board and management; and

(iv) develops succession plans for the CEO.

The NC has the sole authority to:

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

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

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

Corporate Governance Report

NOMINATION COMMITTEE (CONTINUED)

The following is a summary of the work performed by the NC in 2013:

(i) sourced and identified suitable candidates for appointment as INEDs;

(ii) recommended Directors for re-election at the AGM;

(iii) reviewed succession plans, including an emergency succession list for key positions;

(iv) conducted reviews of staff training and corporate social responsibilities activities during the year;

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

(vi) recommended the biennial rotation of Chairman and Deputy Chairman; and

(vii) formulated the Board Diversity Policy.

Summary of Board Diversity Policy

The Company recognises that board diversity is an important element in creating a fair and effective Board and that having a Board with a balance of skills, backgrounds, expertise and diversity of perspectives can be beneficial to the Company's business.

When determining the composition of the Board, the Company will consider board diversity from a number of aspects, including but not limited to experience, leadership, cultural and educational background, qualification, professional ethics, expertise, skill, know-how, gender and age. All Board appointments will be based on merit, and candidates will be considered against objective selection criteria, having due regards to the benefits of diversity on the Board.

The NC will review this policy, as appropriate, to ensure its effective implementation. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and determination.

Composition

The NC is composed of five members, of whom three are INEDs, namely Ms. Maura Wong Hung Hung, who is also the Chairman, Mr. James Watkins and Mr. Stephen Lee Hoi Yin, whilst the other two members are NEDs, namely Mr. Sherwood P. Dodge and Mr. Ju Wei Min.

Corporate Governance Report

AUDIT COMMITTEE

The primary objective of the AC is to assist the Board in fulfilling its oversight responsibilities with respect to:

(i) the accounting and financial reporting processes of the Group, including the accuracy of the financial statements and other financial information provided by the Group to its Shareholders, the public and the Stock Exchange;

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

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

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

The members of the AC assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, and satisfying themselves as to the effectiveness of the internal control procedures of the Group and the adequacy of 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 of the IA; and

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

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

Corporate Governance Report

AUDIT COMMITTEE (CONTINUED)

The following is a summary of the work performed by the AC in 2013:

(i) reviewed the financial statements and reports for the year ended 31 December 2012 and for the six months ended 30 June 2013;

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

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

(iv) considered and approved the 2013 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 2013 in conjunction with the IA;

(vii) reviewed the "Continuing Connected Transactions" set forth on page 48 and 49 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 2013 were as follows:

	2013	2012
	HK$'000	HK$'000
Audit Fees	**1,445**	1,772
Tax Fees	**985**	1,870
All Other Fees	**114**	760
	2,544	4,402

Corporate Governance Report

AUDIT COMMITTEE (CONTINUED)

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 the IAs to attend a meeting of the AC or to meet with any members of, or consultants to, the AC.

Funding

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

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

(ii) compensation to any independent legal, accounting and other consultants retained to advise the AC; and

(iii) ordinary administrative expenses of the AC that are necessary or appropriate in carrying out its duties.

Composition

The AC is composed of six members, four of whom are INEDs, namely Mr. Kenneth McKelvie, Mr. James Watkins, Mr. Stephen Lee Hoi Yin and Ms. Maura Wong Hung Hung, who satisfy independence, financial literacy and experience requirements, whilst the other two members are NEDs, namely Mr. Ju Wei Min and Ms. Nancy Ku, and have only observer status with no voting rights. The AC is chaired by an INED, namely Mr. Kenneth McKelvie, who possesses appropriate professional qualifications and experience in financial matters.

The AC is scheduled to meet at least twice a year. It also holds private sessions without the presence of the Company's officers and management.

Corporate Governance Report

COMPLIANCE COMMITTEE

To comply with the requirement under the CG Code in respect of the responsibilities for performing the Company's corporate governance duties, the Board has developed the Company's policies and practices on corporate governance and the code of conduct and compliance manual applicable to Directors and employees.

In year 2013, the Board established the CC as a committee of the Board with the objective to assist the Board in carrying out its corporate governance duties. Its primary duties include:

(i) develops and reviews the Group's policies, procedures and practices on corporate governance and make recommendations to the Board;

(ii) reviews and monitors the Group's policies and practices on compliance with legal and regulatory requirements;

(iii) monitors the investigation and resolution of any significant instances of non-compliance or potential non-compliance reported to it;

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

(v) reviews and monitors the code of conduct and compliance manual applicable to Directors and employees;

(vi) reviews the Company's compliance with the CG Code and disclosure in the Company's corporate governance report; and

(vii) monitors the Group's policies, procedures and practices in relation to disclosures of price sensitive information and makes recommendations to the Board.

The CC shall have the sole authority to retain legal and other external consultants to advise the CC and may request any officer or employee of the Group or the Group's outside counsel or consultants to attend a meeting of the CC or to meet with any members of, or consultants to, the CC.

Corporate Governance Report

COMPLIANCE COMMITTEE (CONTINUED)

Composition

The CC is currently composed of six members, of whom three are INEDs, namely Mr. James Watkins, who is also the Chairman, Mr. Stephen Lee Hoi Yin and Mr. Kenneth McKelvie, while two are NEDs, namely Mr. Sherwood P. Dodge and Mr. Peter Jackson and one is the ED, namely Mr. William Wade.

The following is a summary of the work performed by the CC in 2013:

(i) reviewed the corporate governance report disclosed in the 2013 interim report;

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

(iii) reviewed the compliance with the code of conduct and compliance manual applicable to the Directors and employees; and

(iv) reviewed the Group's corporate governance guidelines and made recommendation to the Board for changes.

Corporate Governance Report

ATTENDANCE RECORD OF EACH DIRECTOR AT BOARD MEETINGS, BOARD COMMITTEES MEETINGS AND THE AGM

The following table summarises the attendance of each Director (including those Directors who have resigned or retired during the year) and each Board Committee member in 2013:

	Attendance/Number of Meetings held					
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Compliance Committee**	**AGM**
NEDs						
Sherwood P. Dodge[①] *(Chairman)*	5/5			1/2	1/1	1/1
Ju Wei Min[②] *(Deputy Chairman)*	5/5	2/2	2/2*	1/1[#]		1/1
Luo Ning[②]	^^2/5					^^0/1
Peter Jackson[②]	5/5		1/1[@]		1/1	1/1
John F. Connelly[①]	3/5		1/1[@]			1/1
Nancy Ku[①]	5/5	1/1[#]	2/2*			1/1
Chong Chi Yeung (alternate to Luo Ning)	5/5					1/1
Mi Zeng Xin[+]	^0/1[+]			^0/1[+]		
Mark Chen [+]	1/1[+]	1/1[+]				
INEDs						
Stephen Lee Hoi Yin	5/5	1/1[@]	1/1[@]	1/1[@]	1/1	1/1
Kenneth McKelvie	5/5	1/1[@]	1/1[@]		1/1	1/1
James Watkins	4/5	2/2	2/2*	0/1[@]	1/1	1/1
Maura Wong Hung Hung	3/4[#]		1/1[@]	1/1[@]		0/1
Edward Chen[③]	1/1[③]	1/1[③]	1/1[③]	1/1[③]		1/1[③]
Robert Sze[③]	1/1[③]	1/1[③]	1/1[③]			1/1[③]
ED						
William Wade *(CEO)*	5/5				1/1	1/1

① GE appointed Directors
② CITIC appointed Directors
③ During the appointment period from 1 January 2013 to 19 June 2013
* Resigned on 19 June 2013
@ Appointed on 19 June 2013
# Appointed on 9 May 2013
+ Resigned on 9 May 2013
^ Due to prior business commitment, Mr. Mi has arranged for his alternate to attend the meeting held in March 2013. The alternate's attendance has not been counted in the above attendance record.
^^ Due to prior business commitment, Mr. Luo has arranged for his alternate to attend the meeting and AGM held in June 2013. The alternate's attendance of which has not been counted in the above attendance record.

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Financial reporting

The Directors of the Company 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 2013, 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.

The objective of the Group is to deliver sustainable returns with solid financial fundamentals, so as to enhance long-term total return for Shareholders. The discussion of the strategy and business model for delivering the Group's objective and the basis on which the Group generates or preserves value over the longer term are set out in Chairman's Statement and Operations Review.

A statement by the IA, PricewaterhouseCoopers, in respect of their reporting responsibilities is set out on pages 119 to 120.

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

Corporate Governance Report

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal control

System and procedures

The Board acknowledges its responsibility to ensure that a sound and effective internal control system is maintained, which includes a defined management structure with specified limits of authority to:

(i) achieve business objectives and safeguard assets against unauthorised use or disposition;

(ii) ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication; and

(iii) ensure compliance with the relevant legislation 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 2013, 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 Company's internal control system, the AC made reference to the requirements of the relevant regulatory bodies. The Board is of the view that, in general, the Group has set up a sound internal control environment and implemented an effective system of internal control.

Internal Audit plan

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

Grievances and whistle-blowing policies

The Group has established defined procedures for handling employees' complaints, 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 a whistle-blowing policy, with embedded procedures for reporting such matters directly to the Chairman of the AC or CC, who will review the reported complaint and decide how the investigation should be conducted.

Corporate Governance Report

COMPANY SECRETARY

The Company Secretary is an employee of the Group and has confirmed that she has taken no less than 15 hours of the relevant professional training for the year ended 31 December 2013 in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening of SGM on Requisition by Shareholders

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

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

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

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

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

Procedures for making enquiry to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary at 12/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company Secretary shall forward the Shareholders' enquiries and concern to the Board to answer the Shareholders' questions.

Corporate Governance Report

SHAREHOLDERS' RIGHTS (CONTINUED)

Procedures for putting forward proposals at general meetings

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

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

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

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

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

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

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

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

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognises its accountability to Shareholders for the performance and activities of the Company and attaches considerable importance to the effectiveness of its communications with Shareholders. To this end, an Investor Relations section has been established as part of the Company's website, www.asiasat.com, to provide information to Shareholders about the Company. This is in addition to other corporate communications with Shareholders, such as circulars, notices, announcements, interim reports and annual reports, copies of which can be found in the Company's website.

Corporate Governance Report

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS (CONTINUED)

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

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

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

CONSTITUTIONAL DOCUMENTS

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

GUIDELINES ON CONDUCT

The Company periodically issues notices to its Directors and employees reminding them that there is a general prohibition on dealing in the Company's listed securities during the blackout periods before the announcement of the interim and annual results.

The Company has a Code of Business Conduct and Ethics available on its website, www.asiasat.com.

Management Discussion and Analysis

FINANCIAL REVIEW

Overall performance

The Group achieved a profit attributable to equity holders of HK$748 million (2012: HK$914 million), a decrease of HK$166 million or 18% from the prior year. The decrease in profit was attributable mainly to HK$134 million profit from discontinued operations from the sale of SpeedCast, our wholly-owned subsidiary, reflected in last year's financial statements. The commencement of the depreciation of AsiaSat 7, has also contributed to the lower profit compared with last year.

Turnover

Consolidated turnover from continuing operations in 2013 was HK$1,499 million (2012: HK$1,780 million), a decrease of HK$281 million, down 16% from the previous year. The decrease was substantially due to the previous year's one-off revenue of HK$311 million from customers resulting from the enactment of the Finance Act in India in May 2012. Lower revenue from the renewal of a long-standing customer contract with a reduced rate in year 2013 was largely offset by the revenue generated from the short-term use of AsiaSat 7 during the year. Excluding the Indian tax related one-off revenue gain, the turnover was relatively flat when compared with year 2012.

Cost of services

Cost of services from continuing operations of HK$540 million (2012: HK$459 million) represented an increase of HK$81 million, mainly due to commencement of depreciation of AsiaSat 7 during the year.

Other gains

The gain of HK$27 million (2012: HK$29 million), a decrease of HK$2 million, was mainly due to a reduction in bank deposits generating interest income due to the payment of final and special dividends during the year.

Administrative expenses

Administrative expenses from continuing operations were HK$88 million (2012: HK$134 million), a decrease of HK$46 million, or 34%. The decrease was mainly the result of net exchange gain on the revaluation of bank deposits denominated in RMB, and Indian tax payable denominated in Indian Rupees. There was also a reduction in professional fees spent in the year and reversal of impairment provisions previously made on certain customer debts, which we were able to recover during the year.

Management Discussion and Analysis

FINANCIAL REVIEW (CONTINUED)

Discontinued operations

No operations were discontinued in 2013.

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% (2012: 16.5%) of the estimated assessable profit for the year. The Group's effective tax rate for the year was approximately 17% (2012: 36%).

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 43.26% (2012: 7% to 42.23%), prevailing in the countries in which the profit is earned. The Group has made a tax provision for Indian Tax reflecting the impact of the enactment of the new Finance Act in India, which was enacted with retrospective effect in May 2012. Further details are set out in Note 19 to the consolidated financial statements.

Financial Results Analysis

The financial results are highlighted below:

		2013	2012	Change
Turnover				
— Continuing operations	HK$M	**1,499**	1,780	–16%
— Discontinued operations	HK$M	**—**	183	–100%
Elimination on consolidation	HK$M	**—**	(78)	–100%
Consolidated Total		**1,499**	1,885	–20%
Profits attributable to owners of the Company	HK$M	**748**	914	–18%
Dividend	HK$M	**947**	751	+26%
Capital and reserves	HK$M	**7,522**	7,539	–0.2%
Earnings per share	HK cents	**191**	234	–18%
Dividend per share	HK cents	**242**	192	+26%
Dividend cover	Times	**0.8**	1.2	–33%
Return on equity	Percent	**10**	12	–2%
Net assets per share — book value	HK cents	**1,923**	1,927	–0.2%

Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

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

The Group had a net cash outflow, including the movement in short term deposits with maturities over three months, of HK$623 million (2012 outflow of HK$165 million) and remained debt free in 2013.

CAPITAL STRUCTURE

Funding and treasury policy

The Group adopts conservative treasury policies and exercises tight control over its cash and risk management. Cash is generally placed on short-term deposits denominated in United States Dollars to meet its payments. The Hong Kong Dollar is pegged to the United States Dollar at the exchange rate of HK$7.80 to US$1.00. The exchange movement has been kept within a narrow band. Therefore, the Group does not have any significant currency exposure.

Financial instruments for hedging

Since the majority of the revenue and the expenditure of the Group is denominated in United States Dollars or Hong Kong Dollars, there is no need to hedge currency risk.

Foreign currency investment

The Group does not have any material investment in currencies other than in United States Dollars, Renminbi or Hong Kong Dollars.

ORDER BOOK

As at 31 December 2013, the value of contracts on hand amounted to HK$3,820 million (2012: HK$3,936 million), the majority of which will be realised over the next few years. Almost all the contracts are denominated in United States Dollars.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

In 2012, the Group disposed of its entire interest in SpeedCast, its wholly-owned subsidiary, and DISH-HD Asia Satellite Limited, a jointly controlled entity. During 2013, there were neither material acquisitions nor disposals of subsidiaries or associated companies. The details are disclosed in Note 24 to the consolidated financial statements.

Management Discussion and Analysis

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 2013, the Group had 134 permanent staff (2012: 124).

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 packages consist of salaries, 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 2013, 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 27 to the consolidated financial statements.

As at 31 December 2013, the Group had total capital commitments of HK$2,158 million (2012: HK$1,803 million), all of which was contracted for but not provided in the financial statements.

Management Discussion and Analysis

GEARING RATIO

As at 31 December 2013, the Company remained debt free. Therefore, a gearing ratio was not applicable.

EXCHANGE RATES AND ANY RELATED HEDGES

During the year, almost all of the Group's revenues, premiums for satellite insurance coverage and capital expenditure were denominated in United States Dollars. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. As at 31 December 2013, 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 26 to the consolidated financial statements.

Biographical Details of Directors and Senior Management

DIRECTORS

Sherwood P. DODGE, aged 58, was appointed a NED on 6 February 2009 and was re-designated as a Chairman of the Company on 1 January 2014. He is the Deputy CEO of Hyundai Card Co. Ltd. and Hyundai Capital Services, Inc., the Hyundai/GE joint ventures in Korea. Prior to his current role Mr. Dodge was President and CEO of GE Capital Equity, America and also headed the corporate development activities of GE Capital Americas. In previous roles he was Senior Managing Director of GE Capital Equity and had responsibility of investments in Aviation and Energy industries and for co-investments with the customers of GE's Sponsor Finance business. Mr. Dodge joined GE in 1988 and has held a variety of other executive positions, including President of GE Capital Thailand, and Managing Director of GE Capital Equity Europe. He received a Bachelor of Political Science degree from Denison University.

JU Wei Min, aged 50, was appointed a NED on 12 October 1998 and was re-designated as a Deputy Chairman of the Company on 1 January 2014. 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 Pacific Limited and CITIC Securities Company Limited (all are Hong Kong listed companies). He holds a Bachelor's Degree and Master's Degree in Economics.

William WADE, aged 57, was appointed as a President and CEO of the Company on 1 August 2010. Mr. Wade has served as an ED of the Company since May 1996. Since joining the Company in April 1994 and before his appointment as CEO, he served as a Deputy CEO. Prior to joining AsiaSat, he held a number of senior management positions with various companies in Asia and the United States. He has over 28 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).

LUO Ning, aged 55, 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 a Vice Chairman and ED of CITIC 21CN Company Limited, a Deputy Chairman and ED of DVN (Holdings) Limited and a NED of CITIC Telecom International Holdings Limited. They 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.

Biographical Details of Directors and Senior Management

DIRECTORS (CONTINUED)

Peter JACKSON, aged 65, 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 37 years' experience in the telecommunications field. Prior to joining the Company, he was employed by Cable & Wireless plc where he held engineering, marketing and management positions. He is also a member of Advisory Board of Thuraya Telecommunications, a mobile satellite operator based in Dubai, United Arab Emirates. Currently, he is also a consultant to CITIC, substantial shareholder of the Company. He is also working with several private equity firms in board or advisory positions.

John F. CONNELLY, aged 70, was appointed a NED of the Company on 29 March 2007. Mr. Connelly served with GE for over 43 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 57, was appointed a NED of the Company on 29 March 2007. Ms. Ku is President & CEO of GE Capital, China. In her role, she is responsible for the results of GE Capital's business in China. Her focus is in pursuing a growth strategy for corporate lending and leasing business in China, develop joint venture partnership, and also to lead strategic investments in the region. She joined GE in 1998, and has served in a variety of leadership roles in equity and corporate finance in Asia. 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.

James WATKINS, aged 68, 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.

Biographical Details of Directors and Senior Management

DIRECTORS (CONTINUED)

Stephen LEE Hoi Yin, aged 54, was appointed an INED of the Company on 6 March 2013. Mr. Lee has over 30 years' experience in accounting, auditing and financial management, at KPMG in London and Hong Kong. He was an audit partner of KPMG Hong Kong before becoming the partner-in-charge of the risk & compliance advisory practices of KPMG in respect of Hong Kong, the PRC and the Asia Pacific region. He retired from KPMG in 2011, and is currently serving as an Adjunct Associate Professor at The Chinese University of Hong Kong and as the President of The Institute of Internal Auditors Hong Kong Limited. He was awarded a Bachelor of Arts (Hons) degree in Accountancy from City of London Polytechnic, in 1981. He is an associate member of The Institute of Chartered Accountants in England and Wales and The Institute of Internal Auditors, and a fellow member of The Hong Kong Institute of Certified Public Accountants. He is a Member of the Board of the Hospital Authority Hong Kong and an INED of Chiyu Banking Corporation Limited.

Kenneth McKELVIE, aged 63, was appointed an INED of the Company on 6 March 2013. Mr. McKelvie is a fellow of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants. He joined the London office of Deloitte Plender Griffiths & Co in 1969, and transferred to Hong Kong in 1977. He was a partner in the China member firm of Deloitte Touche Tohmatsu for 29 years, and retired in 2011. He was Chairman of Deloitte China and a member of the global board of Deloitte Touche Tohmatsu from 2002 to 2008.

Maura WONG Hung Hung, aged 48, was appointed an INED of the Company on 9 May 2013. Ms. Wong has over 20 years' experience in finance and private equity in Asia. She was the founder partner of JP Morgan Partners Asia (formerly Chase Capital Partners Asia), a pan-Asia private equity fund, where she ran the Greater China as well as Telecommunications, Media and Technology Practice. She was one of the pioneers of private equity in Asia as a founding member of Goldman Sachs' Principal Investment Area in Asia. She is currently Senior Adviser to Olympus Capital and Asian Environmental Partners.

Ms. Wong graduated from Harvard Business School with an MBA and as Baker Scholar. Before that she received a Bachelor of Arts degree in International and Public Affairs from Princeton University where she graduated as Phi Beta Kappa and Magna Cum Laude (high honors).

CHONG Chi Yeung, aged 46, was appointed an alternate director to Mr. Luo Ning on 9 May 2013. Mr. Chong is the Assistant General Manager of CITIC United Asia Investments Limited ("CITIC United Asia"), a wholly-owned subsidiary of CITIC in Hong Kong. Prior to joining CITIC United Asia in 2005, he held various financial and managerial positions in both large scale China Stated-owned Enterprises and Hong Kong listed companies. He graduated from California State University, United States with a Bachelor's Degree and a Master Degree in Business Administration major in Finance in 1994. He has over 10 years of experience in merger and acquisition, corporate restructuring and financial management.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT

Philip BALAAM, aged 49, is AsiaSat's Vice President, Business Development. Mr. Balaam possesses over 23 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 46, 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 52, 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 28 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 52, is AsiaSat's Vice President, Engineering and Operations. Mr. Tong has over 25 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 50, is AsiaSat's Vice President, Finance and Chief Financial Officer, and 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.

Biographical Details of Directors and Senior Management

SENIOR MANAGEMENT (CONTINUED)

ZHANG Hai Ming, aged 57, 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 27 years' experience in the satellite industry in various management positions, covering areas in business development, sales, marketing and operations. Prior to joining AsiaSat in August 2008, he was the Deputy Managing Director of China Mobile Broadcasting Satellite Limited, Hong Kong. He graduated from Beijing Institute of Foreign Trade (now renamed Beijing University of International Business and Economics) and obtained a Master of International Management Degree from the American Graduate School of International Management.

Directors' Report

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2013.

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 8 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on pages 55 and 56.

The Directors recommend the payment of a final dividend of HK$0.80 per share and a special dividend of HK$1.50 per share, together with the interim dividend of HK$0.12 per share, totalling HK$2.42 per share in 2013.

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 57 and Note 12 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$60,000 (2012: HK$5,000).

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 11 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the distributable reserves of the Company amounted to HK$425,644,000 (2012: HK$420,910,000), 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 118.

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 813,000 ordinary shares of HK$0.10 each of the Company at an average price of HK$30 per share on the Stock Exchange. The purchase involved a total cash outlay of HK$24,242,000. 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 2013 and the Company has not redeemed any of its shares during the year ended 31 December 2013.

Directors' Report

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 11 to the consolidated financial statements.

Apart from the Share Award Scheme, at no time during 2013 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any body corporate.

DIRECTORS

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

Chairman and Non-executive Director

Sherwood P. DODGE *(re-designated from Deputy Chairman to Chairman on 1 January 2014)*

Deputy Chairman and Non-executive Director

JU Wei Min *(re-designated from Chairman to Deputy Chairman on 1 January 2014)*

Executive Director

William WADE *(President and Chief Executive Officer)*

Non-executive Directors

LUO Ning
Peter JACKSON
John F. CONNELLY
Nancy KU
MI Zeng Xin *(resigned on 9 May 2013)*
Mark CHEN *(resigned on 9 May 2013)*

Directors' Report

Alternate Director

CHONG Chi Yeung	*(resigned as alternate director to MI Zeng Xin and appointed as alternate director to LUO Ning both on 9 May 2013)*

Independent Non-executive Directors

Stephen LEE Hoi Yin	*(appointed on 6 March 2013)*
Kenneth McKELVIE	*(appointed on 6 March 2013)*
James WATKINS	
Maura WONG Hung Hung	*(appointed on 9 May 2013)*
Edward CHEN	*(retired on 19 June 2013)*
Robert SZE	*(retired on 19 June 2013)*

In accordance with Bye-law 110(A) of the Company's Bye-laws, Mr. John F. Connelly, Ms. Nancy Ku, Mr. Peter Jackson, and Mr. William Wade will retire by rotation at the forthcoming Annual General Meeting ("AGM") and, being eligible, offer themselves for re-election.

All INEDs and NEDs are appointed for a specific terms of three years each or, in the case of initial appointment, for the period up to next re-election at the Company's AGM, whichever is earlier. They 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 37 to 41.

Directors' Report

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 2013, 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 2013

		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	549,689	–	–	–	–	–	549,689	0.14
	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.

Directors' Report

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 2013, 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 2013

Name	Capacity	Long or short position	No. of ordinary shares in the Company	% of the Issued Share Capital of the Company
Bowenvale Limited	Beneficial owner	Long position	291,174,695(1) & (2)	74.43
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695(1)	74.43
CITIC Group Corporation	Interest in controlled corporation	Long position	291,174,695(1)	74.43
GE Pacific-3 Holdings, Inc.	Interest in controlled corporation	Long position	291,174,695(2)	74.43
General Electric Company	Interest in controlled corporation	Long position	291,174,695 (2)	74.43
Aberdeen Asset Management plc and its subsidiary	Investment manager	Long position	27,474,500	7.02

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

(2) GE Pacific-3 Holdings, Inc. ("Pacific 3") controls 41.56% of the voting rights of Bowenvale and other affiliates of GE own another 8.44%. They are all indirect, wholly-owned subsidiaries of GE. Accordingly, Pacific 3 and its GE affiliates are interested in 291,174,695 shares of the Company held by Bowenvale.

Directors' Report

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 2013, the total revenue from the Group's five largest customers represented 32% of the Group's consolidated revenue and the total revenue from the Group's largest customer represented 10% of the Group's consolidated revenue. The total amount of purchases attributable to the Group's five largest suppliers was 35% of the total purchases and the largest supplier represented 22% of the Group's total purchases.

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

CONTINUING CONNECTED TRANSACTIONS

Certain related-party transactions as disclosed in Note 28 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 signed the transponder master agreement with CITIC Networks Company Limited ("CITIC Networks", a wholly-owned subsidiary of CITIC) and CITIC Networks Company Limited, Beijing Satellite Telecommunications Branch ("CITICSat", the branch established and run by CITIC Networks), under which CITIC Networks and CITICSat granted a right to the Group to provide satellite transponder capacity for use by their customers. The revenue generated from this agreement amounted to HK$268,778,000 (2012: HK$225,633,000). 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 2013 was HK$10,814,000 (2012: HK$7,269,000).

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.

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to, and within the knowledge of, the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as at 20 March 2014.

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, 20 March 2014

Audit Committee Report

The AC has six members, four of whom are INEDs and two are NEDs with observer status and no voting rights.

The AC oversees the financial reporting process. In this process, management is responsible for the preparation of Group's financial statements including the selection of suitable accounting policies. The IA is responsible for auditing and attesting to the Group's financial statements and evaluating the Group's system of internal controls, including the effectiveness of internal control over financial reporting. The AC oversees the respective work of management and the IA 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 2013 consolidated financial statements included in the 2013 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 2013, 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 2013, 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 2014.

MEMBERS OF THE AUDIT COMMITTEE

Kenneth McKelvie	*(Chairman)*
Stephen Lee Hoi Yin	
James Watkins	
Maura Wong Hung Hung	
Ju Wei Min	*(Non-voting)*
Nancy Ku	*(Non-voting)*

Hong Kong, 20 March 2014

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Consolidated Statement of Financial Position

	Note	As at 31 December 2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	6	**19,534**	20,117
Property, plant and equipment	7	**6,604,655**	6,064,661
Unbilled receivables		**3,005**	44,110
Deposit	9	**2,616**	—
Total non-current assets		**6,629,810**	6,128,888
Current assets			
Tax recoverable		**—**	16,085
Trade and other receivables	9	**405,813**	412,899
Cash and bank balances	10	**1,501,110**	2,104,940
Total current assets		**1,906,923**	2,533,924
Total assets		**8,536,733**	8,662,812
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	11	**39,120**	39,120
Reserves	12(a)		
— Retained earnings		**6,556,941**	6,764,776
— Proposed final dividend	22	**312,956**	312,956
— Proposed special dividend	22	**586,794**	391,196
— Other reserves		**25,059**	30,290
		7,520,870	7,538,338
Non-controlling interests		**901**	1,021
Total equity		**7,521,771**	7,539,359

Consolidated Statement of Financial Position

	Note	As at 31 December 2013 HK$'000	2012 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities	14	**389,307**	352,919
Deferred revenue	13	**54,377**	72,194
Other amounts received in advance		**1,377**	1,377
Other payables		**–**	1,950
Total non-current liabilities		**445,061**	428,440
Current liabilities			
Construction payables		**12,882**	110,901
Other payables and accrued expenses		**65,210**	70,557
Deferred revenue	13	**199,166**	216,985
Current income tax liabilities		**292,522**	296,449
Dividend payable		**121**	121
Total current liabilities		**569,901**	695,013
Total liabilities		**1,014,962**	1,123,453
Total equity and liabilities		**8,536,733**	8,662,812
Net current assets		**1,337,022**	1,838,911
Total assets less current liabilities		**7,966,832**	7,967,799

The notes on pages 59 to 117 are an integral part of these consolidated financial statements.

The financial statements on pages 52 to 117 were approved by the Board of Directors on 20 March 2014 and were signed on its behalf.

JU Wei Min
Director

William WADE
Director

Statement of Financial Position

	Note	As at 31 December 2013 HK$'000	2012 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	8	**455,623**	445,310
Total non-current assets		**455,623**	445,310
Current assets			
Amount due from a subsidiary	8	**30,392**	36,948
Other receivables, deposits and prepayments		**460**	448
Tax recoverable		**—**	115
Total current assets		**30,852**	37,511
Total assets		**486,475**	482,821
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	11	**39,120**	39,120
Reserves	12(b)	**443,510**	438,776
Total equity		**482,630**	477,896
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		**3,670**	4,925
Current income tax liabilities		**175**	—
Total liabilities		**3,845**	4,925
Total equity and liabilities		**486,475**	482,821
Net current assets		**27,007**	32,586
Total assets less current liabilities		**482,630**	477,896

The notes on pages 59 to 117 are an integral part of these financial statements.

The financial statements on pages 52 to 117 were approved by the Board of Directors on 20 March 2014 and were signed on its behalf.

JU Wei Min
Director

Willian WADE
Director

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2013 HK$'000	2012 HK$'000
Continuing operations			
Sales	5	**1,498,631**	1,779,545
Cost of services	16	**(540,278)**	(459,046)
Gross profit		**958,353**	1,320,499
Administrative expenses	16	**(87,573)**	(134,344)
Other gains — net	15	**26,967**	28,855
Operating profit		**897,747**	1,215,010
Finance expenses	18	**—**	(3,654)
Profit before income tax		**897,747**	1,211,356
Income tax expense	19	**(150,227)**	(431,231)
Profit and total comprehensive income for the year from continuing operations		**747,520**	780,125
Discontinued operations			
Profit for the year from discontinued operations	24	**—**	134,247
Profit and total comprehensive income for the year		**747,520**	914,372
Profit and total comprehensive income attributable to:			
Owners of the Company		**747,640**	914,491
Non-controlling interests		**(120)**	(119)
		747,520	914,372
Profit attributable to owners of the Company arises from:			
Continuing operations		**747,640**	780,244
Discontinued operations		**—**	134,247
		747,640	914,491

Consolidated Statement of Comprehensive Income

	Note	2013	2012
		Year ended 31 December	
		HK$'000	HK$'000
Earnings per share from continuing and discontinued operations attributable to the owners of the Company for the year (expressed in HK$ per share)			
Basic earnings per share			
From continuing operations		**1.91**	2.00
From discontinued operations		**–**	0.34
From profit for the year	21	**1.91**	2.34
Diluted earnings per share			
From continuing operations		**1.91**	1.99
From discontinued operations		**–**	0.34
From profit for the year	21	**1.91**	2.33
Dividends	22	**946,693**	751,095

The notes on pages 59 to 117 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Note	Share capital HK$'000	Share premium HK$'000	Shares held under Share Award Scheme HK$'000	Share-based payment reserve HK$'000	Retained earnings HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
		Attributable to owners of the Company							
Balance at 1 January 2012		39,120	17,866	(1,060)	15,454	6,604,346	6,675,726	1,140	6,676,866
Comprehensive income									
Profit or loss		—	—	—	—	914,491	914,491	(119)	914,372
Transactions with owners									
Employees share award scheme:									
— Shares held under Share Award Scheme		—	—	(14,231)	—	—	(14,231)	—	(14,231)
— Share-based payment		—	—	—	9,278	—	9,278	—	9,278
— Shares vested under Share Award Scheme		—	—	13,579	(13,579)	—	—	—	—
Transfer to share-based payment reserve		—	—	—	2,983	(2,983)	—	—	—
Interim dividend relating to 2012	22	—	—	—	—	(46,943)	(46,943)	—	(46,943)
Dividend for shares held by Share Award Trust		—	—	—	—	17	17	—	17
Total transactions with owners, recognised directly in equity		—	—	(652)	(1,318)	(49,909)	(51,879)	—	(51,879)
Balance at 31 December 2012		39,120	17,866	(1,712)	14,136	7,468,928	7,538,338	1,021	7,539,359
Balance at 1 January 2013		39,120	17,866	(1,712)	14,136	7,468,928	7,538,338	1,021	7,539,359
Comprehensive income									
Profit or loss		—	—	—	—	747,640	747,640	(120)	747,520
Transactions with owners									
Employees share award scheme:									
— Shares held under Share Award Scheme		—	—	(24,242)	—	—	(24,242)	—	(24,242)
— Share-based payment		—	—	—	9,131	—	9,131	—	9,131
— Shares vested under Share Award Scheme		—	—	16,850	(16,850)	—	—	—	—
Transfer to share-based payment reserve		—	—	—	9,880	(9,880)	—	—	—
Final and special dividends relating to 2012	22	—	—	—	—	(704,152)	(704,152)	—	(704,152)
Interim dividend relating to 2013	22	—	—	—	—	(46,943)	(46,943)	—	(46,943)
Dividend for shares held by Share Award Trust		—	—	—	—	1,098	1,098	—	1,098
Total transactions with owners, recognised directly in equity		—	—	(7,392)	2,161	(759,877)	(765,108)	—	(765,108)
Balance at 31 December 2013		39,120	17,866	(9,104)	16,297	7,456,691	7,520,870	901	7,521,771

The notes on pages 59 to 117 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2013 HK$'000	2012 HK$'000
Cash flows from operating activities			
Cash generated from operations	23	**1,273,720**	1,486,196
Hong Kong profits tax paid		**(218)**	(46,370)
Overseas tax paid		**(70,084)**	(98,587)
Net cash generated from operating activities		**1,203,418**	1,341,239
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,073,884)**	(1,669,366)
Proceeds from disposals of property, plant and equipment	23	**765**	1,498
Interest received		**21,427**	33,318
Decrease/(increase) in short-term bank deposits with maturities over three months		**378,878**	(1,315,910)
Exchange gain on short-term bank deposits with maturities over three months		**18,683**	3,793
Proceeds from disposal of subsidiaries, net	24	**–**	192,799
Net cash used in investing activities		**(654,131)**	(2,753,868)
Cash flows from financing activities			
Purchases of shares under Share Award Scheme		**(24,242)**	(14,231)
Other finance expense paid		**–**	(3,654)
Repayment of obligations under finance leases		**–**	(10)
Interest paid		**–**	(4)
Dividends paid	22	**(749,997)**	(46,926)
Net cash used in financing activities		**(774,239)**	(64,825)
Net decrease in cash and cash equivalents		**(224,952)**	(1,477,454)
Cash and cash equivalents at beginning of the year		**789,030**	2,266,484
Cash and cash equivalents at end of the year	10	**564,078**	789,030

The notes on pages 59 to 117 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

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

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 20 March 2014 and signed on its behalf by Mr. JU Wei Min (Director) and Mr. William Wade (Director).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (together, the “Group”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The new and amended standards that are mandatory for the first time for the financial year beginning 1 January 2013 include the following:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
HKAS 19 (Amendment)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Associates and Joint Ventures
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
HKFRSs (Amendments)	Improvements to HKFRSs 2011

The adoption of these new and amended standards did not result in substantial changes to the accounting policies and financial statements of the Group in the current year.

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

The following standards and amendments to existing standards have been issued, but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendment)	Recoverable Amount disclosure for Non-Financial Assets[1]
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of derivatives[1]
HKFRS 9	Financial Instruments[2]
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Amendments to HKFRS 10, HKFRS 12, and HKAS 27 Investment Entities[1]
HK(IFRIC)-Int 21	Levies[1]

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

2 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 material impact on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls entities when the Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated 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.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the group's accounting policies.

(b) Transactions with non-controlling interests

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

(c) Disposal of subsidiaries

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary 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.

2.4 Segment reporting

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

2.5 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;

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (Continued)

(c) Group companies (Continued)

(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 currency translation 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. Currency translation differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (Continued)

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

Satellites:	
— AsiaSat 3S	6.25%
— AsiaSat 4	6.67%
— AsiaSat 5	6.25%
— AsiaSat 7	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%

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.

2.7 Impairment of 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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Discontinued operations

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

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

2.9 Financial assets

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for 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 2.10 and 2.11). Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(b) Impairment of financial assets carried at amortised cost

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

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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

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

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

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

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

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

The 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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Trade and other receivables

Trade receivables are amounts due from customers for 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 allowance for impairment.

2.11 Cash and cash equivalents

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

2.12 Share capital

Ordinary shares are classified as equity.

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

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the 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.

2.13 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 payments are expected to 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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.15 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Current and deferred income tax (Continued)

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 liabilities are provided on taxable temporary differences arising from investments in subsidiaries, 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 are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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).

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 Provisions

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

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

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

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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.

2.20 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services 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.

(a) Revenue from transponder utilisation is recognised on a straight-line basis over the period of the agreements when services are rendered. 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.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Revenue recognition (Continued)

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

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

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

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

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

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

2.21 Operating leases (as the lessee)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

Notes to the Consolidated Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 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 2013 and 2012, 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 2013, certain trade receivables and cash and cash equivalents were denominated in Renminbi ("RMB") and the foreign currency exposure is analysed as follows:

	2013 **RMB'000**	2012 RMB'000
Trade receivables	**136,134**	103,702
Cash and bank balances	**490,049**	277,169

At 31 December 2013, 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$36,447,000 (2012: HK$21,456,000).

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

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 2012.

(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:

	2013		2012	
	Effective interest rate %	**HK$'000**	Effective interest rate %	HK$'000
Short-term deposits	**1.5%**	**1,480,801**	1.3%	2,063,564

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Cash flow interest rate risk (Continued)

At 31 December 2013, 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$14,808,000 (2012: HK$20,636,000).

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 2012.

(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.

As at 31 December 2013, the Group has available unutilised bank loan facilities of approximately HK$2,695,090,000 (2012: Nil).

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.

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

Group

	2013			2012		
	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	**12,882**	**–**	**12,882**	110,901	–	110,901
Other payables and accrued expenses	**65,210**	**–**	**65,210**	70,557	–	70,557
	78,092	**–**	**78,092**	181,458	–	181,458
Non-current liabilities						
Other payables	**–**	**–**	**–**	–	1,950	1,950

Company

	2013			2012		
	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						
Other payables and accrued expenses	**3,670**	**–**	**3,670**	4,925	–	4,925

Notes to the Consolidated Financial Statements

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management

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

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

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group adopted a dividend policy of providing shareholders with a dividend payout ratio of 30% to 50% 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 2012.

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.

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.1 Critical accounting estimates (Continued)

(a) Useful lives of in-orbit satellites

The Group's operations are capital intensive and it has significant investments in satellites. The carrying value of the Group's in-orbit satellites (AsiaSat 3S, AsiaSat 4, AsiaSat 5 and AsiaSat 7) represented 44% of its total assets as of 31 December 2013 (2012: 26%). 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 2013, 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$26,120,000 (2012: HK$19,263,000) and HK$29,778,000 (2012: HK$22,008,000) respectively.

4.2 Critical judgments in applying the entity's accounting policies

(a) Income taxes

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

Notes to the Consolidated Financial Statements

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

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

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

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

Modifications to the terms of the Existing Agreements that result in shorter utilisation periods than previously agreed and/or those that result in the reduction in agreed rates will result in a lower recoverable amount (if the discount rate used is not changed); which may, in turn, result in a situation wherein the recoverable amounts are less than the carrying amounts (therefore, an impairment loss would need to be recognised).

At 31 December 2013 and 2012, there had been no indication that the carrying amounts of long-lived assets of the Group may have become impaired.

(c) Provision for impairment loss of trade receivables

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

Notes to the Consolidated Financial Statements

5 SALES AND SEGMENT INFORMATION

(a) Sales:

The Group's sales are analysed as follows:

	2013 HK$'000	2012 HK$'000
Continuing operations		
Income from provision of satellite transponder capacity		
— recurring (Note)	**1,446,195**	1,717,922
— non-recurring	**4,368**	15,600
Sales of satellite transponder capacity	**17,818**	17,818
Other revenues	**30,250**	28,205
	1,498,631	1,779,545

Note: For the year ended 31 December 2013, a total amount of HK$50,345,000 (2012: HK$311,233,000) was recorded as the additional revenue from certain customers following the enactment of the Finance Act in India in 2012, which imposes tax on the Group for revenue that could be considered as Indian sourced subject to Indian Court's final decision.

(b) Segment information:

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

On 21 September 2012, the Group disposed of its indirect wholly-owned interest in SpeedCast Holdings Limited ("SpeedCast") and its subsidiaries, which were principally involved in the provision of broadband access services at a gain of approximately HK$119,221,000. The disposal group of companies was classified as "discontinued operations" during the year ended 31 December 2012. Refer to Note 24 for details.

In June 2012, the Group has also completed the disposal of its interest in the jointly controlled entities involving in the provision of Direct-to-Home satellite television service. This investment was fully impaired as at 31 December 2011 and no further losses were shared by the Group during 2012. The disposal group of jointly controlled entities was classified as "discontinued operations" during the year ended 31 December 2012. Refer to Note 24 for details.

Notes to the Consolidated Financial Statements

5 SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information: (Continued)

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

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

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

	2013			
	Continuing operations	Discontinued operations		
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK$'000	Broadband access services HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Sales to external customers	1,199,603	–	–	1,199,603
Sales to related parties (Note 28)	268,778	–	–	268,778
Other revenues	30,250	–	–	30,250
Total	1,498,631	–	–	1,498,631
Operating profit/Profit before income tax	897,747	–	–	897,747
Income tax expense	(150,227)	–	–	(150,227)
Profit for the year	747,520	–	–	747,520
Depreciation	437,024	–	–	437,024
Interest income	24,188	–	–	24,188
Capital expenditure	977,355	–	–	977,355
Total assets	8,536,733	–	–	8,536,733
Total liabilities	1,014,962	–	–	1,014,962

Notes to the Consolidated Financial Statements

5 SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information: (Continued)

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

Notes to the Consolidated Financial Statements

5 SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information: (Continued)

The Group is domiciled in Hong Kong. From continuing operations, the sales to customers in Hong Kong and Greater China for the year ended 31 December 2013 are HK$254,800,000 (2012: HK$508,048,000) and HK$298,568,000 (2012: HK$258,623,000) respectively, and the total sales to customers in other countries is HK$945,263,000 (2012: HK$1,012,874,000).

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 2013, sales of approximately HK$152,284,000 (2012: HK$405,515,000) 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:

	2013 **HK$'000**	2012 HK$'000
In Hong Kong held on:		
Leases of between 10 to 50 years	**19,534**	20,117
At 1 January	**20,117**	20,700
Amortisation of prepaid operating lease payments (Note 16)	**(583)**	(583)
At 31 December	**19,534**	20,117

Notes to the Consolidated Financial Statements

7 PROPERTY, PLANT AND EQUIPMENT — GROUP

	Satellites and tracking facilities								
	In operation HK$'000	Under construction HK$'000	Buildings HK$'000	Furniture, fixtures and fittings HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Teleport and hub equipment HK$'000	Plant and equipment HK$'000	Total HK$'000
At 1 January 2012									
Cost	6,150,218	1,917,300	122,686	20,163	19,409	4,456	126,619	1,220	8,362,071
Accumulated depreciation	(3,504,596)	—	(38,783)	(18,184)	(17,716)	(2,365)	(52,741)	(1,219)	(3,635,604)
Net book amount	2,645,622	1,917,300	83,903	1,979	1,693	2,091	73,878	1	4,726,467
Year ended 31 December 2012									
Opening net book amount	2,645,622	1,917,300	83,903	1,979	1,693	2,091	73,878	1	4,726,467
Additions	16,755	1,705,009	485	178	946	—	19,397	—	1,742,770
Transfer between categories	—	(41,896)	41,896	—	—	—	—	—	—
Disposal of subsidiaries (Note 24)	(190)	—	—	(902)	(509)	—	(46,335)	—	(47,936)
Disposals (Note 23)	—	—	—	(1)	(6)	—	(1,363)	—	(1,370)
Depreciation	(327,535)	—	(5,895)	(844)	(960)	(807)	(19,228)	(1)	(355,270)
Closing net book amount	2,334,652	3,580,413	120,389	410	1,164	1,284	26,349	—	6,064,661
At 31 December 2012									
Cost	5,019,819	3,580,413	165,067	13,735	3,908	3,727	36,889	706	8,824,264
Accumulated depreciation	(2,685,167)	—	(44,678)	(13,325)	(2,744)	(2,443)	(10,540)	(706)	(2,759,603)
Net book amount	2,334,652	3,580,413	120,389	410	1,164	1,284	26,349	—	6,064,661
Year ended 31 December 2013									
Opening net book amount	2,334,652	3,580,413	120,389	410	1,164	1,284	26,349	—	6,064,661
Additions	9,621	952,942	—	11,938	1,356	1,498	—	—	977,355
Transfer between categories	1,873,255	(1,873,255)	—	—	—	—	—	—	—
Disposals (Note 23)	(287)	—	—	(30)	—	(20)	—	—	(337)
Depreciation	(417,502)	—	(6,602)	(958)	(680)	(742)	(10,540)	—	(437,024)
Closing net book amount	3,799,739	2,660,100	113,787	11,360	1,840	2,020	15,809	—	6,604,655
At 31 December 2013									
Cost	**6,902,344**	**2,660,100**	**165,067**	**17,141**	**5,018**	**4,107**	**36,889**	**704**	**9,791,370**
Accumulated depreciation	**(3,102,605)**	**—**	**(51,280)**	**(5,781)**	**(3,178)**	**(2,087)**	**(21,080)**	**(704)**	**(3,186,715)**
Net book amount	**3,799,739**	**2,660,100**	**113,787**	**11,360**	**1,840**	**2,020**	**15,809**	**—**	**6,604,655**

Depreciation expense of HK$437,024,000 (2012: HK$355,270,000) has been charged in cost of services.

Notes to the Consolidated Financial Statements

8 INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	2012
	HK$'000	HK$'000
Unlisted shares in subsidiaries, at cost	**429,054**	429,054
Investment in Share Award Trust (Note b)	**26,569**	16,256
	455,623	445,310

At 31 December 2013, the amount due from a subsidiary of HK$30,392,000 (2012: HK$36,948,000), 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 2013:

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 2013	Interest held 2012
AsiaSat BVI Limited#	British Virgin Islands, limited liability company	Investment holding in Hong Kong	3,000 ordinary shares of US$1 each	**100%**	100%
Asia Satellite Telecommunications Company Limited	Hong Kong, limited liability company	Provision of satellite transponder capacity worldwide	30,000 ordinary shares and 20,000 non-voting deferred shares of HK$10 each	**100%**	100%

Shares held directly by the Company.

Notes to the Consolidated Financial Statements

8 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

9 TRADE AND OTHER RECEIVABLES — GROUP

	2013 HK$'000	2012 HK$'000
Trade receivables	**237,225**	294,186
Trade receivables from related parties (Note 28(d))	**170,337**	130,373
Less: allowance for impairment of trade receivables	**(30,022)**	(41,954)
Trade receivables — net	**377,540**	382,605
Other receivables	**8,169**	7,281
Deposits and prepayments	**22,720**	23,013
	408,429	412,899
Less non-current portion: deposit	**(2,616)**	—
Current portion	**405,813**	412,899

Notes to the Consolidated Financial Statements

9 TRADE AND OTHER RECEIVABLES — GROUP (CONTINUED)

All non-current receivables are due within five years from the end of the year.

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

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

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

	2013	2012
	HK$'000	HK$'000
Not yet due	**195,479**	211,845
1 to 30 days	**56,393**	67,334
31 to 60 days	**18,192**	33,253
61 to 90 days	**22,189**	24,712
91 to 180 days	**46,844**	33,325
181 days or above	**68,465**	54,090
	407,562	424,559

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 2013, trade receivables of HK$30,022,000 (2012: HK$41,954,000) 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:

	2013	2012
	HK$'000	HK$'000
Not yet due	**38**	124
1 to 30 days	**2,339**	1,561
31 to 60 days	**418**	836
61 to 90 days	**42**	341
91 to 180 days	**3,092**	11,205
181 days or above	**24,093**	27,887
	30,022	41,954

Notes to the Consolidated Financial Statements

9 TRADE AND OTHER RECEIVABLES — GROUP (CONTINUED)

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

	2013 HK$'000	2012 HK$'000
At 1 January	**41,954**	63,046
(Write back)/provision for impairment of receivables, net	**(10,879)**	1,445
Amounts written off	**(1,053)**	(21,556)
Disposal of subsidiaries	**—**	(981)
At 31 December	**30,022**	41,954

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:

	2013 HK$'000	2012 HK$'000
Not yet due	**195,441**	211,721
1 to 30 days	**54,054**	65,773
31 to 60 days	**17,774**	32,417
61 to 90 days	**22,147**	24,371
91 to 180 days	**43,752**	22,120
181 days or above	**44,372**	26,203
	377,540	382,605

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.

Notes to the Consolidated Financial Statements

10 CASH AND BANK BALANCES — GROUP

	2013 HK$'000	2012 HK$'000
Cash at bank and on hand	**20,309**	41,376
Short-term bank deposits		
— mature within 3 months	**543,769**	747,654
— mature more than 3 months	**937,032**	1,315,910
	1,501,110	2,104,940

The effective interest rate on short-term bank deposits was 1.5% (2012: 1.3%). These deposits have an average maturity of 82 days (2012: 52 days).

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

	2013 HK$'000	2012 HK$'000
Cash at bank and on hand	**20,309**	41,376
Short-term bank deposits		
— mature within 3 months	**543,769**	747,654
Cash and cash equivalents	**564,078**	789,030

Notes to the Consolidated Financial Statements

11 SHARE CAPITAL

	2013		2012	
	Number of shares ('000)	**HK$'000**	Number of shares ('000)	HK$'000
Authorised:				
Ordinary shares at HK$0.1 each	**550,000**	**55,000**	550,000	55,000
Issued and fully paid:				
At 31 December	**391,196**	**39,120**	391,196	39,120

Share Award Scheme

Scheme adopted on 22 August 2007

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

Pursuant to the rules of the Scheme, the Company has set up the Trust for the purpose of administering the Scheme and holding the Award Shares before they vest (Note 8(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 443,274 shares (2012: 565,089 shares) have been awarded to executive directors and employees at no consideration. A total of 581,420 shares (2012: 608,611 shares) at a cost of HK$16,850,000 (2012: HK$13,579,000) were vested during the year. A total of 79,621 shares (2012: nil) at a cost of HK$1,128,000 (2012: nil) were forfeited during the year.

The number of shares awarded to and vested in the executive directors was 61,501 shares (2012: 78,562 shares) and 80,540 shares (2012: 73,545 shares) respectively for the year ended 31 December 2013.

Notes to the Consolidated Financial Statements

11 SHARE CAPITAL (CONTINUED)

Share Award Scheme (Continued)

Scheme adopted on 22 August 2007 (Continued)

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

	2013		2012	
	Average fair value per share	**Number of Award Shares**	Average fair value per share	Number of Award Shares
At 1 January		**2,090,609**		2,134,131
Awarded	**27.40**	**443,274**	20.60	565,089
Forfeited	**14.17**	**(79,621)**	—	—
Vested	**28.98**	**(581,420)**	22.32	(608,611)
At 31 December		**1,872,842**		2,090,609

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

	2013		2012	
	Value HK$'000	**Number of shares held**	Value HK$'000	Number of shares held
At 1 January	**1,712**	**73,726**	1,060	64,637
Purchase during the year	**24,242**	**813,000**	14,231	617,700
Shares vested during the year	**(16,850)**	**(581,420)**	(13,579)	(608,611)
At 31 December	**9,104**	**305,306**	1,712	73,726

The remaining vesting periods of the Award Shares outstanding as at 31 December 2013 are between 0.5 year to 4.5 years.

Notes to the Consolidated Financial Statements

12 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 2012	17,866	15,454	(1,060)	6,604,346	6,636,606
Share-based payment	—	9,278	—	—	9,278
Purchase of shares under Share Award Scheme	—	—	(14,231)	—	(14,231)
Shares vested under Share Award Scheme	—	(13,579)	13,579	—	—
Transfer to share-based payment reserve	—	2,983	—	(2,983)	—
Profit for the year	—	—	—	914,491	914,491
Interim dividend relating to 2012	—	—	—	(46,943)	(46,943)
Dividend for shares held by Share Award Trust	—	—	—	17	17
At 31 December 2012	17,866	14,136	(1,712)	7,468,928	7,499,218
At 1 January 2013	**17,866**	**14,136**	**(1,712)**	**7,468,928**	**7,499,218**
Share-based payment	**—**	**9,131**	**—**	**—**	**9,131**
Purchase of shares under Share Award Scheme	**—**	**—**	**(24,242)**	**—**	**(24,242)**
Shares vested under Share Award Scheme	**—**	**(16,850)**	**16,850**	**—**	**—**
Transfer to share-based payment reserve	**—**	**9,880**	**—**	**(9,880)**	**—**
Profit for the year	**—**	**—**	**—**	**747,640**	**747,640**
Final and special dividends relating to 2012	**—**	**—**	**—**	**(704,152)**	**(704,152)**
Interim dividend relating to 2013	**—**	**—**	**—**	**(46,943)**	**(46,943)**
Dividend for shares held by Share Award Trust	**—**	**—**	**—**	**1,098**	**1,098**
At 31 December 2013	**17,866**	**16,297**	**(9,104)**	**7,456,691**	**7,481,750**

Notes to the Consolidated Financial Statements

12 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 2012	17,866	15,454	390,055	17,473	440,848
Share-based payment	—	9,278	—	—	9,278
Shares vested under Share Award Scheme	—	(13,579)	—	—	(13,579)
Interim dividend relating to 2012	—	—	—	(46,943)	(46,943)
Transfer-in	—	2,983	—	—	2,983
Profit for the year	—	—	—	46,189	46,189
At 31 December 2012	17,866	14,136	390,055	16,719	438,776
At 1 January 2013	**17,866**	**14,136**	**390,055**	**16,719**	**438,776**
Share-based payment	**—**	**9,131**	**—**	**—**	**9,131**
Shares vested under Share Award Scheme	**—**	**(16,850)**	**—**	**—**	**(16,850)**
Final and special dividends relating to 2012	**—**	**—**	**—**	**(704,152)**	**(704,152)**
Interim dividend relating to 2013	**—**	**—**	**—**	**(46,943)**	**(46,943)**
Transfer-in	**—**	**9,880**	**—**	**—**	**9,880**
Profit for the year	**—**	**—**	**—**	**753,668**	**753,668**
At 31 December 2013	**17,866**	**16,297**	**390,055**	**19,292**	**443,510**

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.

Notes to the Consolidated Financial Statements

12 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 2013, the Company's reserves available for distribution consisted of the share-based payment reserve of HK$16,297,000 (2012: HK$14,136,000), contributed surplus of HK$390,055,000 (2012: HK$390,055,000) and retained earnings of HK$19,292,000 (2012: HK$16,719,000).

On 20 March 2014, the directors of AsiaSat BVI Limited, a wholly-owned subsidiary of the Company, have confirmed their intention to propose and approve the payment of a dividend of HK$899,750,000 to the Company on or prior to 19 June 2014. Accordingly, the Company's total reserves available for distribution will be increased by HK$899,750,000. On the same day, the Board of Directors of the Company has proposed the payment of final and special dividends of HK$899,750,000 which is subject to the approval by the shareholders at the Annual General Meeting on 19 June 2014.

13 DEFERRED REVENUE — GROUP

	2013	2012
	HK$'000	HK$'000
The maturity of deferred revenue is as follows:		
Within one year	**199,166**	216,985
More than one year	**54,377**	72,194
	253,543	289,179

Notes to the Consolidated Financial Statements

14 DEFERRED INCOME TAX LIABILITIES — GROUP

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

	2013	2012
	HK$'000	HK$'000
At 1 January	**352,919**	287,596
Recognised in the consolidated statement of comprehensive income (Note 19)	**36,388**	65,323
At 31 December	**389,307**	352,919

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

	Accelerated tax depreciation	**Share-based payment reserve**	**Total**
	HK$'000	HK$'000	HK$'000
At 1 January 2012	288,871	(1,275)	287,596
Recognised in the consolidated statement of comprehensive income	65,214	109	65,323
At 31 December 2012	354,085	(1,166)	352,919
Recognised in the consolidated statement of comprehensive income	36,567	(179)	36,388
At 31 December 2013	390,652	(1,345)	389,307

Deferred income tax assets are recognised for tax credits carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has no significant unrecognised deferred income tax assets (2012: HK$Nil).

Notes to the Consolidated Financial Statements

15 OTHER GAINS — NET

	2013 HK$'000	2012 HK$'000
Interest income	**24,188**	28,700
Net gain on disposals of property, plant and equipment	**428**	155
Others	**2,351**	—
	26,967	28,855

16 EXPENSES BY NATURE

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

	2013 HK$'000	2012 HK$'000
Auditor's remuneration	**1,375**	1,438
(Write back)/provision for impairment of trade receivables, net (Note 9)	**(10,879)**	1,445
Depreciation of property, plant and equipment (Note 7)	**437,024**	345,459
Employee benefit expense (Note 17)	**127,795**	134,367
Operating leases		
— Office premises	**11,355**	8,599
— Leasehold land and land use rights (Note 6)	**583**	583
Net exchange gain	**(24,626)**	(1,849)
Marketing and promotions expense	**9,039**	9,378
Satellite operations	**6,398**	7,806

Notes to the Consolidated Financial Statements

17 EMPLOYEE BENEFIT EXPENSE

	2013	2012
	HK$'000	HK$'000
Salary and other benefits, including directors' remuneration	**110,261**	117,457
Share-based payment	**9,131**	9,278
Pension costs — defined contribution plans	**8,403**	7,632
Total staff costs	**127,795**	134,367

	2013	2012
Number of employees	**134**	124

(a) Pensions — defined contribution plans

Forfeited contributions totaling HK$315,000 (2012: HK$236,000) 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 2013 and 31 December 2012.

Notes to the Consolidated Financial Statements

17 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2013 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
Ju Wei Min (i)	200	–	–	–	–	–	200
Luo Ning (i)	100	–	–	–	–	–	100
Peter Jackson (c) & (i)	127	–	–	–	–	–	127
Mi Zeng Xin (f) & (i)	35	–	–	–	–	–	35
Guan Yi (b) & (i)	–	–	–	–	–	–	–
Sherwood P. Dodge (j)	200	–	–	–	–	–	200
John F. Connelly (j)	123	–	–	–	–	–	123
Nancy Ku (j)	100	–	–	–	–	–	100
Mark Chen (f) & (j)	35	–	–	–	–	–	35
James Watkins	366	–	–	–	–	–	366
Stephen Lee Hoi Yin (d)	259	–	–	–	–	–	259
Kenneth McKelvie (d)	274	–	–	–	–	–	274
Maura Wong Hung Hung (g)	220	–	–	–	–	–	220
Edward Chen (h)	172	–	–	–	–	–	172
Robert Sze (h)	185	–	–	–	–	–	185
Chong Chi Yeung (e)	–	–	–	–	–	–	–
William Wade	–	5,816	2,676	486	872	1,393	11,243
Total	2,396	5,816	2,676	486	872	1,393	13,639

Notes to the Consolidated Financial Statements

17 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' emoluments (Continued)

The remuneration of every Director for the year ended 31 December 2012 is set out below:

Name of Director	Fees HK$'000	Salary HK$'000	Performance related bonuses HK$'000	Other benefits (a) HK$'000	Employer's contribution to pension scheme HK$'000	Share-based payment HK$'000	Total HK$'000
Ju Wei Min (i)	192	–	–	–	–	–	192
Luo Ning (i)	100	–	–	–	–	–	100
Peter Jackson (c) & (i)	98	–	–	–	–	–	98
Mi Zeng Xin (f) & (i)	108	–	–	–	–	–	108
Guan Yi (b) & (i)	2	–	–	–	–	–	2
Sherwood P. Dodge (j)	200	–	–	–	–	–	200
John F. Connelly (j)	150	–	–	–	–	–	150
Nancy Ku (j)	100	–	–	–	–	–	100
Mark Chen (f) & (j)	100	–	–	–	–	–	100
James Watkins	366	–	–	–	–	–	366
Edward Chen (h)	366	–	–	–	–	–	366
Robert Sze (h)	394	–	–	–	–	–	394
Chong Chi Yeung (e)	–	–	–	–	–	–	–
William Wade	–	5,287	2,115	465	777	1,176	9,820
Total	2,176	5,287	2,115	465	777	1,176	11,996

Notes:

(a) Other benefits include accommodation, car, leave passage, insurance premium and club membership and are short-term in nature.
(b) Resigned on 9 January 2012.
(c) Appointed on 9 January 2012.
(d) Appointed on 6 March 2013.
(e) Resigned on 9 May 2013 as alternate to Mr. Mi Zeng Xin and appointed to be alternate to Mr. Luo Ning on the same day.
(f) Resigned on 9 May 2013.
(g) Appointed on 9 May 2013.
(h) Retired on 19 June 2013.
(i) Paid to a subsidiary of CITIC.
(j) Paid to a subsidiary of GE.

Notes to the Consolidated Financial Statements

17 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2012: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2012: four) individuals during the year are as follows:

	2013	2012
	HK$'000	HK$'000
Basic salaries, housing allowances, other allowances and benefits in kind	**15,299**	14,168
Employer's contribution to pension scheme	**1,697**	1,533
Performance related bonuses	**6,235**	5,000
Share-based payment	**3,221**	2,706
	26,452	23,407

The emoluments fell within the following bands:

	Number of individuals	
	2013	2012
Emolument bands		
HK$5,000,001 — HK$5,500,000	**—**	1
HK$5,500,001 — HK$6,000,000	**—**	2
HK$6,000,001 — HK$6,500,000	**3**	—
HK$6,500,001 — HK$7,000,000	**—**	1
HK$7,000,001 — HK$7,500,000	**1**	—
	4	4

Notes to the Consolidated Financial Statements

18 FINANCE EXPENSES

	2013	2012
	HK$'000	HK$'000
Interest expense:		
— Other finance expenses	**–**	3,654

19 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% (2012: 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 43.26% (2012: 7% to 42.23%), prevailing in the countries in which the profit is earned.

	2013	2012
	HK$'000	HK$'000
Current income tax		
— Hong Kong profits tax	**26,297**	9,880
— Overseas taxation	**87,542**	356,028
Total current tax	**113,839**	365,908
Deferred income tax (Note 14)	**36,388**	65,323
Income tax expense	**150,227**	431,231

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

Notes to the Consolidated Financial Statements

19 INCOME TAX EXPENSE (CONTINUED)

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

Based on the latest advice received by the Group from the Group's advisers in India, the Group has recorded a provision of HK$68 million for the year ended 31 December 2013 (2012: HK$412 million) reflecting an appropriately conservative view based on the historical information currently available. Management intends to rigorously defend the Group's position in this regard in the ongoing tax proceedings in the Indian Courts.

The provision for overseas taxation for the year ended 31 December 2012 included a reversal of HK$73 million with respect to provisions made in the past in relation to the Group's withholding tax obligations as management considered the likelihood of such liabilities were remote. No similar reversal was recorded in the current year.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2013 **HK$'000**	2012 HK$'000
Profit before income tax	**897,747**	1,211,356
Tax calculated at tax rate of 16.5% (2012: 16.5%)	**148,128**	199,874
Tax effect of income not subject to income tax	**(125,509)**	(164,527)
Tax effect of expenses not deductible for tax purposes	**40,071**	39,877
Effect of income tax rate differential between Hong Kong and overseas locations	**87,537**	356,007
Tax expense	**150,227**	431,231

The effective tax rate of the Group was 16.7% (2012: 35.6%).

Notes to the Consolidated Financial Statements

19 INCOME TAX EXPENSE (CONTINUED)

The decrease in effective tax rate was mainly attributable to the one-off retrospective recognition of Indian withholding tax upon the passage of Indian Income Tax Act (as amended by Finance Act enacted in May 2012 with retrospective effect) in 2012.

20 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$753,668,000 (2012: HK$46,189,000).

21 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.

	2013	2012
	HK$'000	HK$'000
Profit attributable to owners of the Company	**747,640**	914,491
Less: Profit from discontinued operations attributable to owners of the Company	**—**	134,247
Earnings for the purpose of basic earnings per share from continuing operations	**747,640**	780,244
	2013	2012
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,929**	391,128
Basic earnings per share (HK$)		
— Continuing operations	**1.91**	2.00
— Discontinued operations	**—**	0.34
	1.91	2.34

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

Notes to the Consolidated Financial Statements

21 EARNINGS PER SHARE (CONTINUED)

Diluted

Diluted earnings per share is calculated by 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 a 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 were fully vested.

	2013	2012
	HK$'000	HK$'000
Profit attributable to owners of the Company	**747,640**	914,491
Less: Profit from discontinued operations attributable to owners of the Company	**–**	134,247
Earnings for the purpose of diluted earnings per share from continuing operations	**747,640**	780,244
	2013	2012
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,929**	391,128
Effect of Award Shares (in thousands)	**522**	682
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	**391,451**	391,810
Diluted earnings per share (HK$)		
— Continuing operations	**1.91**	1.99
— Discontinued operations	**–**	0.34
	1.91	2.33

Notes to the Consolidated Financial Statements

22 DIVIDENDS

The dividends paid in 2013 and 2012 were HK$749,997,000 (HK$1.92 per share) and HK$46,926,000 (HK$0.12 per share) respectively. The directors recommend the payment of a final dividend of HK$0.80 (2012: HK$0.80) per share and a special dividend of HK$1.50 (2012: HK$1.00) per share, totaling HK$2.30 (2012: HK$1.80) per share. Such dividends are to be approved by the shareholders at the Annual General Meeting on 19 June 2014. These financial statements do not reflect these dividends payable.

	2013	2012
	HK$'000	HK$'000
Interim dividend paid of HK$0.12 (2012: HK$0.12) per ordinary share	**46,943**	46,943
Proposed final dividend of HK$0.80 (2012: HK$0.80) per ordinary share	**312,956**	312,956
Proposed special dividend of HK$1.50 (2012: HK$1.00) per ordinary share	**586,794**	391,196
	946,693	751,095

The aggregate amounts of the dividends paid and proposed during 2013 and 2012 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

23 CASH GENERATED FROM THE OPERATIONS

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

	2013 HK$'000	2012 HK$'000
Profit for the year before income tax:		
From continuing operations	**897,747**	1,211,356
From discontinued operations	**—**	134,247
	897,747	1,345,603
Adjustments for:		
— (Write back)/provision for impairment of trade receivables, net	**(10,879)**	1,445
— Share-based payment (Note 17)	**9,131**	9,278
— Amortisation of prepaid operating lease payments (Note 6)	**583**	583
— Depreciation (Note 7)	**437,024**	355,270
— Net gain on disposals of property, plant and equipment (see below)	**(428)**	(128)
— Gain on disposal of a subsidiary (Note 24)	**—**	(119,221)
— Interest income (Note 15)	**(24,188)**	(28,701)
— Finance expenses	**—**	3,658
— Reversal of provision of asset retirement obligations	**(1,950)**	—
— Unrealised exchange gain	**(30,441)**	(3,793)
Changes in working capital:		
— Unbilled receivables	**41,105**	52,496
— Inventories	**—**	(2,039)
— Trade and other receivables	**(3,001)**	(74,305)
— Other amounts received in advance	**—**	(35,887)
— Other payables and accrued expenses	**(5,347)**	15,270
— Deferred revenue	**(35,636)**	(33,333)
Cash flows from the operations	**1,273,720**	1,486,196

Notes to the Consolidated Financial Statements

23 CASH GENERATED FROM THE OPERATIONS (CONTINUED)

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

	2013	2012
	HK$'000	HK$'000
Net book amount of disposals (Note 7)	**337**	1,370
Net gain on disposals (Note 15)	**428**	128
Proceeds from disposals of property, plant and equipment	**765**	1,498

24 DISCONTINUED OPERATIONS

During the year ended 31 December 2012, the Group had disposed of the following interests in subsidiaries and jointly controlled entities. The results were presented in the consolidated statement of comprehensive income as discontinued operations in the prior year.

(i) On 21 September 2012, the Group disposed of its indirect wholly-owned interest in SpeedCast and its subsidiaries which were principally involved in the provision of broadband access services at a cash consideration of US$32,240,000 (or approximately HK$251,479,000) to an independent third party, resulting in a gain on disposal of approximately HK$119,221,000.

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

Notes to the Consolidated Financial Statements

24 DISCONTINUED OPERATIONS (CONTINUED)

Results of the discontinued operations

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

	Year ended 31 December 2012 HK$'000
Sales	182,593
Cost of services	(122,256)
Gross profit	60,337
Administrative expenses	(45,281)
Other losses — net	(26)
Operating profit	15,030
Finance expenses	(4)
Profit before income tax	15,026
Income tax expense	—
Profit after income tax	15,026
Gain on disposal of subsidiaries	119,221
Profit for the year from discontinued operations	134,247

Notes to the Consolidated Financial Statements

24 DISCONTINUED OPERATIONS (CONTINUED)

Results of the discontinued operations (Continued)

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

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

	Year ended 31 December 2012 HK$'000
Total consideration in relation to the disposal, fully paid by cash during the year	
An analysis of the cash flows in respect of the disposal groups is as follows:	
Cash consideration	251,479
Cash and bank balances	(58,680)
Net inflow of cash and cash equivalents included in cash flows from investing activities	192,799

Notes to the Consolidated Financial Statements

24 DISCONTINUED OPERATIONS (CONTINUED)

Cash flows from discontinued operations

	Year ended 31 December 2012 HK$'000
Net cash from operating activities	23,812
Net cash used in investing activities	(18,174)
Net cash used in financing activities	(14)
Net cash flows	5,624

25 FINANCIAL INSTRUMENTS BY CATEGORY

Group

	Loans and receivables	
	2013	2012
	HK$'000	HK$'000
Assets as per consolidated statement of financial position		
Trade and other receivables excluding prepayments	**391,924**	399,113
Cash and bank balances (Note 10)	**1,501,110**	2,104,940
Deposit — non-current	**2,616**	—
Total	**1,895,650**	2,504,053

	Financial liabilities at amortised cost	
	2013	2012
	HK$'000	HK$'000
Liabilities as per consolidated statement of financial position		
Construction payables	**12,882**	110,901
Other payables and accrued expenses — current	**65,210**	70,557
Other payables — non-current	**—**	1,950
Total	**78,092**	183,408

Notes to the Consolidated Financial Statements

25 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Company

	Loans and receivables	
	2013	2012
	HK$'000	HK$'000
Assets as per statement of financial position		
Amount due from a subsidiary	**30,392**	36,948

	Financial liabilities at amortised cost	
	2013	2012
	HK$'000	HK$'000
Liabilities as per statement of financial position		
Other payables and accrued expenses	**3,670**	4,925

26 CONTINGENCIES

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

27 COMMITMENTS — GROUP

Capital commitments

Capital expenditure of property, plant and equipment authorised by the board of directors which has not been contracted for as of 31 December 2013 amounted to nil (2012: nil).

Notes to the Consolidated Financial Statements

27 COMMITMENTS — GROUP (CONTINUED)

Capital commitments (Continued)

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

	2013	2012
	HK$'000	HK$'000
AsiaSat 6		
Contracted but not provided for	**272,969**	580,663
AsiaSat 8		
Contracted but not provided for	**293,062**	637,463
AsiaSat 9		
Contracted but not provided for	**1,588,587**	571,740
Other assets		
Contracted but not provided for	**3,168**	13,081
	2,157,786	1,802,947

Operating lease commitments — Group company as lessee

The Group leases certain of its office 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 16.

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

	2013	2012
	HK$'000	HK$'000
Not later than 1 year	**8,696**	7,513
Later than 1 year and not later than 5 years	**19,488**	3,624
	28,184	11,137

Operating lease commitments — Group company as lessor

The Group leases its premises to certain customers under non-cancellable operating leases. The lease terms are between 2 to 6 years. The lease income recognised under 'other revenues' in the consolidated statement of comprehensive income during the year was HK$21,244,000 (2012: HK$20,382,000).

Notes to the Consolidated Financial Statements

27 COMMITMENTS — GROUP (CONTINUED)

Operating lease commitments — Group company as lessor (Continued)

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

	2013	2012
	HK$'000	HK$'000
Not later than 1 year	**13,140**	18,298
Later than 1 year and not later than 5 years	**5,257**	17,194
Later than 5 years	**—**	1,128
	18,397	36,620

28 RELATED PARTY TRANSACTIONS

At 31 December 2013, the Company was directly controlled by Bowenvale Limited (incorporated in the British Virgin Islands) with total shareholdings of approximately 74%, and was indirectly owned by CITIC Group Corporation ("CITIC") (incorporated in China) and General Electric Company ("GE") (incorporated in the United States), which have equal voting rights in the Company. The remaining 26% of the Company's shares were held by the public.

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

The following transactions were carried out with related parties:

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

The Group has entered into a transponder master agreement with CITIC Networks Company Limited ("CITIC Networks", a wholly owned subsidiary of CITIC) and CITIC Networks Company Limited, Beijing Satellite Telecommunications Branch ("CITICSat", the branch established and run by CITIC Networks), under which CITIC Networks and CITICSat granted the exclusive right to the Group to provide satellite transponder capacity for use by their customers.

The Group has also entered into agreements for the provision of satellite transponder capacity to Power Star Limited, which was a subsidiary of DISH-HD Asia Satellite Limited, a jointly controlled entity of the Group during 2012.

28 RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	2013	2012
	HK$'000	HK$'000
CITICSat	**268,778**	225,633
Power Star Limited	**–**	4,298
	268,778	229,931

(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.

	2013	2012
	HK$'000	HK$'000
Power Star Limited	**–**	2,547

(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.

	2013	2012
	HK$'000	HK$'000
CITICSat	**10,814**	7,269

Notes to the Consolidated Financial Statements

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

	2013 HK$'000	2012 HK$'000
Salaries and other short-term employee benefits	**40,384**	35,842
Share-based payment	**5,507**	4,769
	45,891	40,611

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

	2013 HK$'000	2012 HK$'000
A subsidiary of CITIC	**462**	500
A subsidiary of GE	**458**	550
	920	1,050

(d) Year end balances arising from these transactions

	2013 HK$'000	2012 HK$'000
Trade receivables from related parties (Note 9):		
CITICSat (Note)	**170,337**	130,373
Payables to related parties:		
CITICSat	**2,347**	3,490
Deferred revenue in relation to related parties:		
CITICSat	**126,442**	79,091

The receivables from and payables to related parties will be settled on a quarterly basis. The receivables and payables are unsecured in nature and bear no interest.

28 RELATED PARTY TRANSACTIONS (CONTINUED)

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

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 2013, a provision for impairment of HK$2,416,000 (2012: HK$2,319,000) was recorded and included within the provision as disclosed in Note 9.

29 EVENTS AFTER THE REPORTING PERIOD

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

Financial Summary

	2009 HK$'000	2010 HK$'000	2011 HK$'000	2012 HK$'000	**2013 HK$'000**
Results					
Sales					
From continuing operations	1,162,918	1,456,222	1,579,646	1,779,545	**1,498,631**
From discontinued operations	—	—	240,007	182,593	**—**
Elimination on consolidation	—	—	(101,402)	(77,234)	**—**
Consolidated Total	1,162,918	1,456,222	1,718,251	1,884,904	**1,498,631**
Profit before taxation	582,583	775,379	932,424	1,345,603	**897,747**
Taxation	(59,202)	(80,910)	(109,856)	(431,231)	**(150,227)**
Profit after taxation	523,381	694,469	822,568	914,372	**747,520**
Loss attributable to non-controlling interests	1,834	121	117	119	**120**
Profits attributable to owners	525,215	694,590	822,685	914,491	**747,640**
Earnings per share:					
Basic	HK$1.35	HK$1.78	HK$2.11	HK$2.34	**HK$1.91**
Diluted	HK$1.34	HK$1.78	HK$2.10	HK$2.33	**HK$1.91**
Assets and liabilities					
Total assets	6,289,617	7,065,310	7,560,623	8,662,812	**8,536,733**
Total liabilities	(791,687)	(1,020,797)	(883,757)	(1,123,453)	**(1,014,962)**
Shareholders' equity	5,497,930	6,044,513	6,676,866	7,539,359	**7,521,771**

Independent Auditor's Report

pwc

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 52 to 117, which comprise the consolidated and company statements of financial position as at 31 December 2013, 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

Independent Auditor's Report

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 2013, 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, 20 March 2014

Shareholder Information

EXPECTED TIMETABLE

Financial Year Ended 31 December 2013

Annual General Meeting	19 June 2014
Final Dividend and Special Dividend Payable	8 July 2014

Financial Year Ending 31 December 2014

Interim Results announcement	August 2014
Interim dividend payable	November 2014
Annual Results announcement	March 2015
Annual Report published	April 2015
Annual General Meeting	June 2015
Final dividend payable	July 2015

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

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26 Burnaby Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

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

Shareholder Information

LISTING

The shares of the Company are listed on the Stock Exchange.

DIVIDEND

Subject to approval by shareholders at the forthcoming AGM, the proposed final dividend and special dividend for the year ended 31 December 2013 will be payable on or about 8 July 2014.

ORDINARY SHARES

Shares outstanding as at 31 December 2013: 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

Shareholder Information

ANNUAL REPORT 2013

Copies of annual report can be obtained by writing to:

Manager, Corporate Affairs
Asia Satellite Telecommunications Holdings Limited
12/F., Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

WEBSITE

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

COMPANY CONTACT

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

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