

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LTD  
Form 6-K  
June 23, 2006

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION  
Washington DC 20549

Report of Foreign Issuer  
Pursuant to Rule 13a-16 or 15d-16 of  
the Securities Exchange Act of 1934

For the month of June 2006

Commission File Number: 1-14396

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

-----  
(Translation of registrant's name into English)

17/F, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

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Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

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Yes  No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):\_\_\_\_\_.

Information furnished on this form:

Circular, dated June 20, 2006, by the Registrant regarding the Commissioning of AsiaSat 5

EXHIBIT

EXHIBIT NUMBER		PAGE
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1.1	Circular, dated June 20, 2006, by the Registrant regarding the Commissioning of AsiaSat 5	5

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED  
(Registrant)

Date: June 22, 2006

By: /s/ Peter Jackson

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Name: Peter Jackson

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THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION  
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IF YOU ARE IN ANY DOUBT as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.



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"AsiaSat 2"	The AsiaSat Satellite launched in 1995 and located at the orbital position of 100.5 degrees East, which will be replaced by AsiaSat 5 upon its successful launch;
"AsiaSat 5"	The new Space Systems/Loral 1300 satellite bus, with 26 C-band and 14 Ku-band transponders, to be constructed and launched pursuant to the Construction Agreement and the Launch Contract;
"AsiaSat"	Asia Satellite Telecommunications Company Limited, a wholly owned subsidiary of the Company incorporated in Hong Kong with its registered office in Hong Kong;
"Company"	Asia Satellite Telecommunications Holdings Limited incorporated under the laws of Bermuda, with its principle business being the provision of satellite services to broadcasting and telecommunications markets;
"Construction Agreement"	The agreement dated 28 April 2006 entered into by AsiaSat and the Construction Contractor for the construction of AsiaSat 5, details of which were published in the Company's announcement on the same day;
"Construction Contractor"	Space Systems/Loral, Inc., a corporation organised and existing under the law of the State of Delaware, U.S.A. and headquartered in California. Its principle business is the designing, manufacturing and integrating of communication satellites and satellite systems;
"Directors"	The directors of the Company;
"Group"	the Company and its subsidiaries including but not limited to AsiaSat;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;

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### DEFINITIONS

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"Launch Contract"	The contract dated 8 May 2006 entered into between AsiaSat and the Launch Contractor for the launch of AsiaSat 5, details of which were published in the Company's announcement on the same day;
"Launch Contractor"	Sea Launch Limited Partnership, an exempt limited partnership organised under the laws of Cayman Islands acting through its general partner, Sea Launch Company, L.L.C, a United

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States of America limited liability company organised under the law of State of Delaware and having offices in Long Beach, California. Its principle business is to provide launch service for the satellites of commercial customers;

"Latest Practicable Date"	14 June 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular;
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Satellite Control Equipment"	Satellite control equipment, which includes the ground hardware and software needed to implement telemetry, tracking, command and monitoring and the up-link and traffic monitoring equipment relating to AsiaSat 5;
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong);
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.

FOR THE PURPOSE OF THIS CIRCULAR, THE AMOUNTS IN US\$ HAVE BEEN CONVERTED AT A HK\$/US\$ EXCHANGE RATE OF 7.80/1.00.

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LETTER FROM THE BOARD  
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[GRAPHIC OMITTED] [LOGO -- ASIASAT]  
ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED  
(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY)  
(Stock Code: 1135)

DIRECTORS:

Romain BAUSCH\* CHAIRMAN  
MI Zeng Xin\* DEPUTY CHAIRMAN  
Peter JACKSON  
William WADE  
Robert BEDNAREK\*  
DING Yu Cheng\*  
JU Wei Min\*  
KO Fai Wong\*  
Mark RIGOLLE\*  
Cynthia DICKINS\*  
Edward CHEN\*\*  
Robert SZE\*\*

REGISTERED OFFICE:

Canon's Court  
22 Victoria Street  
Hamilton HM12  
Bermuda

PRINCIPAL OFFICE IN HONG KONG:

17th Floor, The Lee Gardens,  
33 Hysan Avenue, Causeway Bay,  
Hong Kong

\* NON-EXECUTIVE DIRECTOR

\*\* INDEPENDENT NON-EXECUTIVE DIRECTOR

20 June 2006

TO THE SHAREHOLDERS

Dear Sir or Madam,

THE COMMISSIONING OF ASIASAT 5

INTRODUCTION

On 28 April 2006 and 8 May 2006, the Company announced that AsiaSat, a wholly owned subsidiary of the Company, had entered into the Construction Agreement and the Launch Contract, respectively, for the commissioning of AsiaSat 5. AsiaSat 5 is a new satellite of Space Systems/Loral 1300 satellite bus with 26 C-band and 14 Ku-band transponders to be constructed and launched pursuant to the Construction Agreement and the Launch Contract. The purpose of this circular is to provide you with further details of the Agreements and the commissioning of AsiaSat 5 as set out below.

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LETTER FROM THE BOARD  
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THE AGREEMENTS

1. THE CONSTRUCTION AGREEMENT

DATE

28 April 2006

PARTIES

1. The Construction Contractor; and
2. AsiaSat, a wholly owned subsidiary of the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Construction Contractor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

SUBJECT MATTER

Pursuant to the Construction Agreement, the Construction Contractor will provide for AsiaSat the design, construction, assembly, testing, production and delivery of AsiaSat 5, and other professional services and labour for the construction of AsiaSat 5, including studies, development, research, design, analysis, manufacture, product assurance, product integration, transportation and testing. In addition, the Construction Contractor will provide all necessary technical support to the prospective launch services provider to permit testing integration and launch.

The Construction Contractor will also provide a royalty-free, world-wide, non-exclusive, non-transferable, paid-up license for AsiaSat to use the data and information, including, without limitation to, technical data and information contained in reports, documents, computer programs, diagrams, drawings and graphs that AsiaSat requires for the purpose of the construction and the operation of AsiaSat 5.

The Construction Contractor will further indemnify AsiaSat and defend on its own expenses third party requests, claims, actions and

proceedings for royalty payments, equitable relief or damages against AsiaSat based on any infringement of patent, trade mark, or copy right or trade secret from the manufacturing of the items; and to pay any royalties and other costs in the settlement of such request and the costs and damages finally awarded to the third party on the claim.

CONSIDERATION

US\$95 million (equivalent to approximately HK\$741 million)

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LETTER FROM THE BOARD  
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COMPLETION

Under the terms of the Construction Agreement, the Construction Contractor shall complete the construction of AsiaSat 5 to be available for shipment to the launch site within 25 months after 28 April 2006.

TITLE

The title to AsiaSat 5 shall pass to AsiaSat at the moment of launch. In the event AsiaSat 5 is not launched within 3 years after it is completed by the Construction Contractor, AsiaSat shall pay all monies payable under the Construction Agreement and have the title to AsiaSat 5 subject to the obtaining of requisite US Government approvals.

OPTION

AsiaSat has an option to order an additional satellite substantially similar to AsiaSat 5 subject to price adjustment based on an indexation computed with reference to the aircraft manufacturing price and employment cost indexes published by the U.S. Department of Labour. AsiaSat intends to exercise this option in the event of an unsuccessful launch of AsiaSat 5. The Company will comply with the requisite requirements under the Listing Rules as and when the option is exercised, and a further announcement will be made if and when required.

2. THE LAUNCH CONTRACT

DATE

8 May 2006

PARTIES

1. The Launch Contractor; and
2. AsiaSat, a wholly owned subsidiary of the Company.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Launch Contractor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

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LETTER FROM THE BOARD  
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SUBJECT MATTER

The Launch Contractor shall provide services associated with the launch of AsiaSat 5 in the Baikonur Space Centre in Kazakhstan.

CONSIDERATION

US\$45 million (equivalent to approximately HK\$351 million)

COMPLETION

Under the terms of the Launch Contract, the launch service shall be completed upon the launch of AsiaSat 5, which is scheduled to take place between 1 July 2008 and 31 December 2008 and such schedule can be extended by AsiaSat by written notice in accordance with the terms of the Launch Contract. It is expected that AsiaSat 5 will be launched in the second half of 2008.

TOTAL COST FOR THE COMMISSIONING OF ASIASAT 5

The Directors estimate that the total consideration for the commissioning of AsiaSat 5, including the contract price under the Construction Agreement and the Launch Contract, and the costs of the launch insurance, ground facilities for telemetry, tracking and control, related expenses and capitalised interest under arrangements with various third parties, will be approximately US\$180 million (equivalent to approximately HK\$1,404 million). This estimation is subject to a number of factors including timely completion of AsiaSat 5, certain delays or postponements in launching, the in-orbit performance of AsiaSat 5 after launching. The estimated cost for commissioning of AsiaSat 5 will be fully funded by internal resources of AsiaSat.

The contract price under the Construction Agreement will be paid in cash in stages and the final instalment shall be paid upon completion of in-orbit testing, scheduled to take place 27 months after 28 April 2006, or in the event AsiaSat 5 is completed but not launched, 3 years after it is completed.

The contract price under the Launch Contract will be paid in cash by instalments over a period from 8 May 2006 to one month after the launch.

The contract price and the terms of the Agreements were negotiated on an arm's-length basis having regard to the value of similar assets as quoted by other constructors and based on a previous similar acquisition of a satellite by AsiaSat in 2000. Details of this acquisition in 2000 were published in the Company's announcements and circular dated 7 September 2000, 19 September 2000 and 11 October 2000, respectively.



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## REASONS AND BENEFITS OF THE COMMISSIONING OF ASIASAT 5

AsiaSat 5 will replace AsiaSat 2 at the orbital location of 100.5 degrees East and allow our market competitiveness, strategic position of satellites and the offering of our very best services to be sustained for the years ahead. It will replace all current functions of AsiaSat 2 in C-band coverage, and in Ku-band, provide additional dedicated coverage for South Asia plus a steerable beam.

The C-band payload of AsiaSat 5 will be similar to that of AsiaSat 2 save for some performance upgrades. As for the Ku-band payload, its coverage over China is significantly upgraded and additional coverage is also provided for in South Asia covering, inter alia, India, Pakistan and Bangladesh. In addition, the satellite will carry a steerable antenna that will allow capacity of Ku-band to be deployed in a consistent manner with the market demand anywhere in Asia.

The Directors are of the view that the transactions have been conducted in the ordinary and usual course of business of the Company, on normal commercial terms and the terms of the transactions are fair and reasonable and in the interest of the shareholders of the Company as a whole.

## FUTURE PROSPECT

As stated in the annual report of the Company ended 31 December 2005, the Company has reported a creditable result for the year ended 31 December 2005 with an increase of 18% in overall utilisation of satellite transponder capacity compared to 2004 despite the tough market condition. Looking ahead, with the continued improvement in demand in many key markets, the new AsiaSat 5 with enhanced functionalities and coverage replacing the retiring satellite will contribute to the strengthening of the Group's communication platform. As a market leader in Asia, the Group remains totally committed to providing the best satellite services to its customers and continuing to seek growth opportunities.

## EFFECT OF TRANSACTION

The acquisition of AsiaSat 5, as disclosed in Appendix II has little impact on the financial position of the Company if the transactions took place and completed on 31 December 2005. The only changes to the financial position were an increase of approximately US\$180 million (equivalent to approximately HK\$1,404 million) in property, plant and equipment with a corresponding decrease in cash and cash equivalents.

According to the schedules of the Construction Agreement and the Launch Contract, AsiaSat 5 will not be launched until the second half of 2008. Thus, the acquisition of AsiaSat 5 has little impact on the earnings of the Company in near term as the satellite will not be in service until probably in the fourth quarter of 2008 at the earliest.

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LETTER FROM THE BOARD  
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INFORMATION TO SHAREHOLDERS

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The Stock Exchange has granted a waiver in relation to the delay in despatch of the circular regarding the commissioning of AsiaSat 5 until 26 June 2006.

### SHAREHOLDERS' APPROVAL

The total consideration for commissioning AsiaSat 5, including the contract price under the Launch Contract, the Construction Agreement and the cost of the launch insurance, is estimated to be approximately US\$180 million (equivalent to approximately HK\$1,404 million) and the Launch Contract, when taken together with the Construction Agreement and the related insurance, will constitute a major transaction of the Company and is subject to the approval of the shareholders of the Company under the Listing Rules. As no shareholder is required to abstain from voting if the Company were to convene a general meeting pursuant to Rule 14.44 of the Listing Rules, the Agreements and the commissioning of AsiaSat 5 will be approved by written shareholders' approval in accordance with rule 14.44 of the Listing Rules. The Company's controlling shareholder, Bowenvale Limited, which owns approximately 69 per cent of the issued share capital of the Company, has given its written approval to the Company on the Construction Agreement, Launch Contract and the commissioning of AsiaSat 5. No Shareholders meeting will be convened to consider the Agreements.

### GENERAL INFORMATION

Your attention is also drawn to the general information set out in the Appendices to this circular.

Yours faithfully  
For and on behalf of the Board  
ROMAIN BAUSCH  
CHAIRMAN

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### APPENDIX I

### FINANCIAL INFORMATION

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#### 1. SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION FOR THE THREE YEARS ENDED 31 DECEMBER 2005

The following is a summary of the audited consolidated financial information of the Company for each of the three years ended 31 December 2003, 2004 and 2005 as extracted from the respective audited annual consolidated financial statements of the Company.

#### RESULTS

	YEAR ENDED 31 DECEMBER		
	2005 HK\$'000	2004 HK\$'000	2003 HK\$'000
Sales	879,705 =====	1,004,982 =====	896,233 =====
Profit before income tax	416,635	491,616	512,086

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Income tax expense	(51,270)	(60,536)	(87,598)
	-----	-----	-----
Profit for the year	365,365	431,080	424,488
	=====	=====	=====
Attributable to:			
Shareholders of the Company	366,184	431,216	424,488
Minority interests	(819)	(136)	-
	-----	-----	-----
	365,365	431,080	424,488
	=====	=====	=====

ASSETS AND LIABILITIES

	AS AT 31 DECEMBER		
	2005	2004	2003
	HK\$'000	HK\$'000	HK\$'000
Total assets	4,683,530	4,549,247	4,157,220
Total liabilities	(573,805)	(668,294)	(588,462)
	-----	-----	-----
	4,109,725	3,880,953	3,568,758
Minority interests	(5,537)	(6,356)	(492)
	-----	-----	-----
Equity attributable to shareholders of the Company	4,104,188	3,874,597	3,568,266
	=====	=====	=====

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2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2005

The following audited financial statements of the Group are extracted from  
the Company's annual report for the year ended 31 December 2005.

CONSOLIDATED BALANCE SHEET

		AS AT 31 DECEMBER	
	NOTE	2005	RESTATED 2004
		HK\$'000	HK\$'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,620,911	2,894,467

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Leasehold land and land use rights	6	24,199	24,782
Intangible assets	8	1,339	-
Unbilled receivable		174,563	175,267
Interests in associates	10	14,294	13,397
Amount paid to tax authority	11	93,666	67,023
		-----	-----
		2,928,972	3,174,936
		-----	-----
CURRENT ASSETS			
Inventories	13	434	416
Trade and other receivables	12	118,598	137,478
Other loan receivable		-	2,062
Cash and cash equivalents	14	1,635,526	1,234,355
		-----	-----
		1,754,558	1,374,311
		-----	-----
TOTAL ASSETS		4,683,530	4,549,247
		=====	=====

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FINANCIAL INFORMATION  
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	NOTE	AS AT 31 DECEMBER	
		2005 HK\$'000	RESTATED 2004 HK\$'000
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	15	39,027	39,027
Share premium		4,614	4,614
Retained earnings			
- Proposed final dividend	26	105,372	105,372
- Others		3,955,175	3,725,584
		-----	-----
		4,104,188	3,874,597
Minority interests		5,537	6,356
		-----	-----
TOTAL EQUITY		4,109,725	3,880,953
		=====	=====
LIABILITIES			
NON-CURRENT LIABILITIES			
Deferred income tax liabilities	17	192,654	205,258
Deferred revenue	16	87,654	111,844
		-----	-----

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		280,308	317,102
		-----	-----
CURRENT LIABILITIES			
Construction payables		3,096	4,989
Other payables and accrued expenses		64,118	65,322
Deferred revenue	16	151,982	175,043
Current income tax liabilities		74,180	105,717
Dividend payable		121	121
		-----	-----
		293,497	351,192
		-----	-----
TOTAL LIABILITIES		573,805	668,294
		-----	-----
TOTAL EQUITY AND LIABILITIES		4,683,530	4,549,247
		=====	=====
NET CURRENT ASSETS		1,461,061	1,023,119
		=====	=====
TOTAL ASSETS LESS CURRENT LIABILITIES		4,390,033	4,198,055
		=====	=====

The accompanying footnotes are an integral part of these consolidated financial statements.

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CONSOLIDATED INCOME STATEMENT

	NOTE	YEAR ENDED 31 DECEMBER	
		2005	2004
		HK\$ '000	HK\$ '000
Sales	5	879,705	1,004,982
Cost of services	19	(419,029)	(420,490)
		-----	-----
GROSS PROFIT		460,676	584,492
Other gains - net	18	43,711	21,982
Administrative expenses	19	(83,880)	(102,477)
		-----	-----
OPERATING PROFIT		420,507	503,997
Finance costs	21	-	(1)
Share of loss of associates		(3,872)	(12,380)
		-----	-----
PROFIT BEFORE INCOME TAX		416,635	491,616
Income tax expense	22	(51,270)	(60,536)

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		-----	-----
PROFIT FOR THE YEAR		365,365 =====	431,080 =====
Attributable to:			
Equity holders of the Company	24	366,184	431,216
Minority interests		(819)	(136)
		-----	-----
		365,365 =====	431,080 =====
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY DURING THE YEAR (expressed in HK\$ per share)			
- basic	25	0.94 =====	1.10 =====
- diluted	25	0.94 =====	1.10 =====
DIVIDENDS	26	136,593 =====	136,593 =====

The accompanying footnotes are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	NOTE	ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY			MINORITY INTERESTS	HK\$ '000	HK\$ '000
		SHARE CAPITAL HK\$ '000	SHARE PREMIUM HK\$ '000	RETAINED EARNINGS HK\$ '000			
BALANCE AT 1 JANUARY 2004		39,027	4,614	3,524,625	492	3,566,158	
Profit/(Loss) for the year		-	-	431,216	(136)	430,880	
Final dividend relating to 2003		-	-	(93,664)	-	(93,664)	
Interim dividend relating to 2004	26	-	-	(31,221)	-	(31,221)	
Minority interests	29	-	-	-	6,000	6,000	
		-----	-----	-----	-----	-----	
		-	-	306,331	5,864	312,195	
		-----	-----	-----	-----	-----	
BALANCE AT							

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31 DECEMBER 2004		39,027	4,614	3,830,956	6,356	3,88
		=====	=====	=====	=====	=====
BALANCE AT 1 JANUARY 2005, as per above		39,027	4,614	3,830,956	6,356	3,88
Profit/(Loss) for the year		-	-	366,184	(819)	36
Final dividend relating to 2004	26	-	-	(105,372)	-	(10
Interim dividend relating to 2005	26	-	-	(31,221)	-	(3
		-----	-----	-----	-----	-----
		-	-	229,591	(819)	22
		-----	-----	-----	-----	-----
BALANCE AT 31 DECEMBER 2005		39,027	4,614	4,060,547	5,537	4,10
		=====	=====	=====	=====	=====

The accompany footnotes are an integral part of these consolidated financial statements.

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CONSOLIDATED CASH FLOW STATEMENT

	NOTE	YEAR ENDED 31 DECEMBER	
		2005	2004
		HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	27	609,717	779,413
Hong Kong Profits Tax paid		(79,186)	(10,934)
Overseas tax paid		(16,181)	(17,667)
		-----	-----
Net cash generated from operating activities		514,350	750,812
		-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(23,659)	(47,672)
Loan to an associate	31	-	(1,301)
Loan to an independent third party		-	(3,778)
Repayment of loan from an associate	31	5,070	3,510
Repayment of loan from an independent third party		2,062	1,716
Interest received		39,833	20,290
Interest expense		-	(1)
Proceeds from disposal of property, plant and equipment		108	257
Purchase of interests in associates		-	(23,930)
		-----	-----

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Net cash from/(used in) investing activities		23,414	(50,909)
		-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	26	(136,593)	(124,885)
		-----	-----
Net cash used in financing activities		(136,593)	(124,885)
		-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		401,171	575,018
		1,234,355	659,337
		-----	-----
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH	14	1,635,526	1,234,355
		=====	=====

The accompany footnotes are an integral part of these consolidated financial statements.

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FINANCIAL INFORMATION  
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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

Asia Satellite Telecommunications Holdings Limited (the Company) and its subsidiaries (together the Group) is 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 17th Floor, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong.

The Company's shares are listed on the New York Stock Exchange and The Stock Exchange of Hong Kong Limited (hereafter collectively referred to as the "Stock Exchange").

These consolidated financial statements are presented in thousands of units of HK dollars (HK\$'000), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 16 March 2006 and signed on its behalf by Mr. JU Wei Min (Director) and Mr. Peter JACKSON (Director).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 BASIS OF PREPARATION



The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) and have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRSs 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.

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THE ADOPTION OF NEW/REVISED HKFRSS

In 2005, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 31	Investments in Joint Ventures
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKFRS 2	Share-based Payments
HKFRS 3	Business Combinations

The adoption of new/revised HKASs did not result in substantial changes to the Group's existing accounting policies under HK GAAP. In summary:

- HKAS 1 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures in the consolidated balance sheet, consolidated income statements and consolidated

statement of changes in equity;

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- HKASs 2, 8, 16, 21, 28 and 36 have affected certain disclosures in the financial statements;
- HKASs 7, 10, 12, 14, 18, 19, 23, 27, 31, 33 and 37 did not have any material impact as the Group's existing accounting policies have already complied with the standards in all material respects; and
- HKAS 24 has affected the identification of related parties and the disclosure of related-party transactions.

The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land and land use rights from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land and land use rights are expensed in the income statements on a straight-line basis over the period of the lease. In prior years, the leasehold land was accounted for at cost less accumulated depreciation.

The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 December 2004, the provision of share options to employees did not result in an expense in the income statements. Effective on 1 January 2005, the Company expenses the cost of share options in the income statement. As no share option was granted after 7 November 2002, no adjustment was required in the income statements of the respective years (NOTE 2.15).

The adoption of HKFRS 3, HKASs 36 and 38 results in a change in the accounting policy for goodwill. Until 31 December 2004, goodwill was:

- Amortised on a straight line basis over a period of 2 years; and
- Assessed for an indication of impairment at each balance sheet date.

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In accordance with the provisions of HKFRS 3 (NOTE 2.7):



2.2 CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 December.

(a) SUBSIDIARIES

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) ASSOCIATES

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

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

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

In the Company's balance sheet the investments in associated companies are stated at cost less provision for impairment losses. The results of associated companies are accounted for by the Company on the basis of dividend received and receivable.

### 2.3 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

### 2.4 FOREIGN CURRENCY TRANSLATION

#### (a) FUNCTIONAL AND PRESENTATION CURRENCY

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

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Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(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 balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

2.5 PROPERTY, PLANT AND EQUIPMENT

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

Buildings in the course of development for production, rental or administrative purposes or for purposes not yet determined, are carried at cost, less an 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.

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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. All other repairs and maintenance are expensed in the income statements during the financial year in which they are incurred.

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

Satellites:	
- AsiaSat 2	8%
- AsiaSat 3S	6.25%
- AsiaSat 4	6.67%
Buildings	4%
Tracking facilities	10%-20%
Furniture, fixtures and fittings	20%-33%
Other equipment	25%-33%
Motor vehicles	25%
Plant and machinery	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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.

#### 2.6 INTANGIBLE ASSETS - LICENCE

The licence is shown at historical cost. The licence has a definite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the licence over its estimated useful life (112 months).

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#### 2.7 IMPAIRMENT OF ASSETS

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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).

2.8 GOODWILL

Goodwill represents the excess of the cost of an investment over the fair value of the Group's share of the net identifiable assets of the acquired associates at the date of investment. Goodwill on investment of associates is included in interests in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

2.9 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method, comprises all costs of purchase and other costs incurred in bringing the inventories to their present locations and conditions. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at fair value less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the income statement.

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2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

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.

2.13 BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory



agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated 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.

#### 2.14 DEFERRED INCOME TAX

Deferred income tax is provided in full, 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, if the deferred income tax 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, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially 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 to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

#### 2.15 EMPLOYEE BENEFITS

##### (a) PENSION OBLIGATIONS

The Group participates in defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The pension plans are generally funded by payments from employees and by the relevant Group companies. The Group has no further payment obligations once the contributions have been paid. 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. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by

reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statements, and a corresponding adjustment to equity over the remaining vesting period.

(c) PROFIT-SHARING AND BONUS PLANS

The expected cost of profit sharing and bonus payments 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.

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Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.16 PROVISIONS

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

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

2.17 REVENUE RECOGNITION

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

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

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

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

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

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#### 2.18 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 income statements on a straight-line basis over the period of the lease.

#### 2.19 DIVIDEND DISTRIBUTION

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

### 3. FINANCIAL RISK MANAGEMENT

#### 3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, and cash flow interest-rate 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 U.S. Dollars. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. At 31 December 2005, almost all the Group's transponder utilisation agreements, transponder purchase agreement, loan agreements, obligations to purchase telemetry, tracking and control equipment were denominated in U.S. Dollars. Hence, the Group does not have any significant currency exposure and does not need to hedge.

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(b) CREDIT RISK

The Group has no significant concentrations of credit risk. The Group maintains provision for impairment of receivables and for estimated losses that result from the inability of its customers to make the required payments. The Group bases its provision on the likelihood of recoverability of account receivables based on 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.

(c) CASH FLOW INTEREST-RATE RISK

As the Group has no significant interest-bearing assets or liabilities, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

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 AND ASSUMPTIONS

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

(a) ESTIMATED IMPAIRMENT OF GOODWILL

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

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(b) INCOME TAXES

The Group is subject to income taxes in numerous 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 during the ordinary course of business. 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 income tax and deferred tax provisions in the period in which such determination is made.

The issue of Indian tax is covered under Contingencies in note 28 below.

(c) USEFUL LIVES OF IN-ORBIT SATELLITES

The Group's operations are capital intensive and it has significant investments in satellites. The carrying value of the Group's in-orbit satellites (AsiaSat 2, AsiaSat 3S and AsiaSat 4) represented 52% of its total assets as of 31 December 2005 (31 December 2004: 59%). 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.

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(d) REALISABILITY OF THE CARRYING AMOUNTS OF LONG-LIVED ASSETS

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

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

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(e) PROVISION FOR IMPAIRMENT OF RECEIVABLES

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

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5. SALES AND SEGMENT INFORMATION

SALES:

The Group's sales is analysed as follows:

	2005 HK\$'000	2004 HK\$'000
Income from provision of satellite transponder capacity	850,436	982,464
Sales of satellite transponder capacity	24,491	20,518
Other revenue	4,778	2,000
	-----	-----
	879,705	1,004,982
	=====	=====

The Group has only one business segment, namely the operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunications. The Group's primary reporting format for segment reporting purposes under HKAS 14 "Segment Reporting" is the geographical basis. For the purpose of classification, the country where the customer is incorporated is deemed to be the source of sales. However, the Group's operating assets consist primarily of its satellites which are used, or are intended for use, for transmission to multiple geographical areas and therefore cannot be allocated between geographical segments. Accordingly, no geographical analysis of expenses, assets and liabilities has been presented.

The following table provides an analysis of the Group's sales by geographical markets:

	2005 HK\$'000	2004 HK\$'000
Hong Kong	341,698	323,133
Greater China, including Taiwan	202,730	197,936
United States of America	78,205	183,750
United Kingdom	49,401	46,073
British Virgin Islands	9,706	40,897
Others	197,965	213,193
	-----	-----
	879,705	1,004,982
	=====	=====

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## 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:

	2005 HK\$'000	2004 HK\$'000
In Hong Kong held on:		
Leases of over 50 years	-	-
Leases of between 10 to 50 years	24,199	24,782
	-----	-----
	24,199	24,782
	=====	=====
	2005 HK\$'000	2004 HK\$'000
Opening	24,782	25,365
Amortisation of prepaid operating lease payment	(583)	(583)
	-----	-----
Closing	24,199	24,782
	=====	=====

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## 7. PROPERTY, PLANT AND EQUIPMENT - GROUP

	SATELLITES IN OPERATION HK\$'000	AND TRACKING UNDER CONSTRUCTION HK\$'000	FACILITIES BUILDINGS HK\$'000	FURNITURE, FIXTURE AND FITTINGS HK\$'000	OFFICE EQUIPMENT HK\$'000	VE H
AT 1 JANUARY 2004						
Cost	4,167,029	41,837	117,866	10,558	6,925	
Accumulated depreciation	(1,191,719)	-	(393)	(8,962)	(5,335)	
	-----	-----	-----	-----	-----	
Net book amount	2,975,310	41,837	117,473	1,596	1,590	
	=====	=====	=====	=====	=====	
YEAR ENDED 31 DECEMBER 2004						
Opening net book amount	2,975,310	41,837	117,473	1,596	1,590	
	-----	-----	-----	-----	-----	
Additions	14,953	22,826	34	1,291	1,055	
Transfer	55,028	(55,028)	-	-	-	

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Disposals (NOTE 27)	-	-	-	(16)	(1)
Depreciation	(280,171)	-	(4,716)	(716)	(762)
	-----	-----	-----	-----	-----
Closing net book amount	2,765,120	9,635	112,791	2,155	1,882
	=====	=====	=====	=====	=====
AT 31 DECEMBER 2004					
Cost	4,232,629	9,635	117,900	10,854	7,646
Accumulated depreciation	(1,467,509)	-	(5,109)	(8,699)	(5,764)
	-----	-----	-----	-----	-----
Net book amount	2,765,120	9,635	112,791	2,155	1,882
	=====	=====	=====	=====	=====
YEAR ENDED 31 DECEMBER 2005					
Opening net book amount	2,765,120	9,635	112,791	2,155	1,882
Additions	1,337	10,309	98	7,377	1,584
Transfer	19,539	(19,539)	-	-	-
Disposals (NOTE 27)	-	-	-	(7)	(2)
Depreciation	(286,032)	-	(4,716)	(2,178)	(1,068)
	-----	-----	-----	-----	-----
Closing net book amount	2,499,964	405	108,173	7,347	2,396
	=====	=====	=====	=====	=====
AT 31 DECEMBER 2005					
Cost	4,253,504	405	117,998	11,142	8,928
Accumulated depreciation	(1,753,540)	-	(9,825)	(3,795)	(6,532)
	-----	-----	-----	-----	-----
Net book amount	2,499,964	405	108,173	7,347	2,396
	=====	=====	=====	=====	=====

Depreciation expense of HK\$295,117,000 (2004: HK\$287,382,000) has been expensed in cost of services.

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8. INTANGIBLE ASSETS - GROUP

	LICENCE HK\$'000
AT 1 JANUARY 2004 AND 31 DECEMBER 2004	
Cost	-
Accumulated amortisation and impairment	-
	-----
Net book amount	-
	=====
YEAR ENDED 31 DECEMBER 2005	
Additions	1,500
Amortisation expense (a) (NOTE 19)	(161)
	-----



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Closing net book amount	1,339 =====
AT 31 DECEMBER 2005	
Cost	1,500
Accumulated amortisation and impairment	(161)
	-----
Net book amount	1,339 =====

NOTE:

- (a) Amortisation expense of HK\$161,000 is included in the administrative expenses in the income statement.

9. INVESTMENTS IN SUBSIDIARIES

- (a) INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2005 HK\$'000	2004 HK\$'000
Unlisted shares in subsidiaries, at cost	429,054 =====	429,054 =====

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

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The following is a list of the principal subsidiaries and a controlled partnership at 31 December 2005:

NAME	PLACE OF INCORPORATION AND KIND OF LEGAL ENTITY	PRINCIPAL ACTIVITIES AND PLACE OF OPERATION	PARTICULARS OF ISSUED SHARE CAPITAL AND DEBT SECURITIES
AsiaSat BVI Limited	British Virgin Islands, limited liability company	Investment holding in Hong Kong	3,000 ordinary shares of US\$1 each
Asia Satellite Telecommunications Company Limited	Hong Kong, limited liability company worldwide	Provision of satellite transponder capacity shares of HK\$10 each	30,000 ordinary and 20,000 non-deferred

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Hanbury International Limited	British Virgin Islands, limited liability company	Inactive in Hong Kong	1 ordinary share HK\$1 each
SAT Limited	Republic of Mauritius, limited liability company	Inactive in Republic of Mauritius	100 ordinary shares US\$1 each
Skywave TV Company Limited (formerly known as Auspicious City Limited)	Hong Kong, limited liability company	Provision of DTH broadcasting services in Hong Kong and Mainland China	3,000,002 ordinary shares of HK\$10 each
Sornico Limited	Hong Kong, limited liability company	Inactive in Hong Kong	2 ordinary shares HK\$10 each
The First Asian Satellite Leasing Limited Partnership (the "Partnership")	Hong Kong, limited liability partnership	Inactive in Hong Kong	N/A
Auspicious Colour Limited	Hong Kong, limited liability company	Inactive in Hong Kong	1 ordinary share

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

\* SHARES HELD DIRECTLY BY THE COMPANY.

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10. INTERESTS IN ASSOCIATES - GROUP

	2005 HK\$'000	2004 HK\$'000
SHARE OF NET ASSETS		
Beginning of the year	11,551	24,151
Share of associates' losses	(3,872)	(12,380)
Amortisation of goodwill	-	(220)
	-----	-----
End of the year	7,679	11,551
	-----	-----
AMOUNT DUE FROM AN ASSOCIATE		
Beginning of the year	1,846	-
Additions	4,769	1,846
	-----	-----
End of the year	6,615	1,846
	-----	-----

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Total	14,294	13,397
	=====	=====

Interests in associates at 31 December 2005 include goodwill of HK\$442,000 (2004: HK\$442,000).

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The Group's interest in its principal associates, all of which are unlisted, were as follows:

NAME	PARTICULARS OF ISSUED SHARES HELD	COUNTRY OF INCORPORATION	ASSETS HK\$'000	LIABILITIES HK\$'000	REVENUES HK\$'000	PROFIT
2004						
Beijing Asia Sky Telecommunications Technology Company Limited	N/A	China	48,785	25,183	888	
SpeedCast Holdings Limited	Ordinary shares of US\$0.0001 each	Cayman Islands	35,418	21,740	49,825	
SpeedCast Limited (NOTE 1)	Ordinary shares of HK\$0.01 each	Hong Kong	N/A -----	N/A -----	N/A -----	
			84,203 =====	46,923 =====	50,713 =====	
2005						
Beijing Asia Sky Telecommunications Technology Company Limited	N/A	China	42,011	25,945	2,721	
SpeedCast Holdings Limited	Ordinary shares of US\$0.0001 each	Cayman Islands	39,392	25,345	82,673	
SpeedCast Limited (NOTE 1)	Ordinary shares of HK\$0.01 each	Hong Kong	N/A -----	N/A -----	N/A -----	
			81,403 =====	51,290 =====	85,394 =====	

The Group has not recognised profit amounting to HK\$174,000 (2004: loss HK\$5,363,000) for SpeedCast Holdings Limited as the Group's share of loss exceeds its interest in SpeedCast. The accumulated losses not recognised were HK\$12,034,000 (2004: HK\$12,208,000).

NOTE:

- (1) SpeedCast Limited is the wholly-owned subsidiary of SpeedCast Holdings Limited. Accordingly, assets, liabilities, revenues and profit/(loss) are not disclosed again.

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11. AMOUNT PAID TO TAX AUTHORITY - GROUP

At the balance sheet date, an amount of approximately HK\$93,666,000 (2004: HK\$67,023,000) had been paid to the Government of India. For details, please refer to note 28.

12. TRADE AND OTHER RECEIVABLES - GROUP

	2005 HK\$'000	2004 HK\$'000
Trade receivables	90,653	91,364
Trade receivables from related parties (NOTE 31)	7,678	4,574
LESS: provision for impairment of receivables	(30,930)	(23,230)
	-----	-----
Trade receivables - net	67,401	72,708
Receivables from related parties (NOTE 31)	15,503	14,628
Other receivables	10,831	7,846
Deposits and prepayments	24,863	37,226
Loan receivable from an associate (NOTE 31)	-	5,070
	-----	-----
	118,598	137,478
Less non-current portion: loans to related parties	-	-
	-----	-----
Current portion	118,598	137,478
	=====	=====

- (a) The Group does not normally provide credit terms to its trade customers. The Company usually bills its trade customers quarterly in advance in accordance with its agreements. The aged analysis of trade receivables is stated as follows:

	2005 HK\$'000	2004 HK\$'000
0 to 30 days	27,768	34,047
31 to 60 days	8,652	18,318
61 to 90 days	14,315	11,424
91 to 180 days	10,074	3,796
181 days or above	6,592	5,123
	-----	-----

67,401  
=====72,708  
=====

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers, internationally dispersed.

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## 13. INVENTORIES - GROUP

	2005 HK\$'000	2004 HK\$'000
Merchandise	434	416
	=====	=====

The cost of inventories recognised as expense and included in cost of services amounted to HK\$500,000 (2004: Nil).

## 14. CASH AND CASH EQUIVALENTS - GROUP

	2005 HK\$'000	2004 HK\$'000
Cash at bank and in hand	13,173	4,036
Short-term bank deposits	1,622,353	1,230,319
	-----	-----
	1,635,526	1,234,355
	=====	=====

The effective interest rate on short-term bank deposits was 3.1% (2004: 2.3%); these deposits have an average maturity of 17 days.

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

	2005 HK\$'000	2004 HK\$'000
Cash and cash equivalents	1,635,526	1,234,355
	=====	=====

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## 15. SHARE CAPITAL

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	NUMBER OF SHARES (THOUSANDS)	ORDINARY SHARES HK\$'000	SHARE PREMIUM HK\$'000	TOTAL HK\$'000
At 31 December 2005 and 31 December 2004	390,266 =====	39,027 =====	4,614 =====	43,641 =====

The total authorised number of ordinary shares is 550,000,000 shares (2004: 550,000,000 shares) with a par value of HK\$0.10 per share (2004: HK\$0.10 per share). All issued shares are fully paid.

SHARE OPTION SCHEME

A share option scheme is adopted to provide incentives to employees and directors and to promote the long term financial success of the Company. The details of the scheme are as follows:

SCHEME ADOPTED ON 3 JUNE 1996

In accordance with the Company's share option scheme (the "1996 Scheme") adopted pursuant to a resolution passed on 3 June 1996, the Board of Directors of the Company may at their discretion grant options to all permanent, full-time employees of the Company and its subsidiaries, to subscribe for shares in the Company. The primary purpose of the 1996 Scheme was to provide incentives to eligible employees.

The total number of shares in respect of which options may be granted under the 1996 Scheme (including options already exercised) was not permitted to exceed 10% of the issued share capital of the Company at any point in time. The maximum number of share options issued to any employee, based on the subscription price of the options, shall not exceed four times the annual basic salary (excluding bonuses and allowances) of that employee.

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Options granted must be taken up within 28 days from the date of grant upon payment of HK\$1 per each grant of share options. An option may be exercisable up to 50% on or after the third anniversary of the date of grant, up to 75% on or after the fourth anniversary and fully on or after the fifth anniversary but before the tenth anniversary of the date of offer unless the Board of Directors specifies other periods. The exercise price was determined by the Board of Directors and was based on the average closing price of the shares for the five trading days immediately preceding the date of grant.

The 1996 Scheme was terminated on 25 January 2002 pursuant to a resolution passed on that date.

SCHEME ADOPTED ON 25 JANUARY 2002

A new share option scheme (the "2002 Scheme") was adopted pursuant to a resolution passed on 25 January 2002 for the primary purpose of attracting and retaining the best personnel for the development of the Company's businesses, and providing incentives to employees, Directors, consultants, agents, representatives and advisors, and promoting the long term financial success of the Company. The 2002 Scheme will expire on 24 January 2012.

Under the 2002 Scheme, the Board of Directors of the Company may at their discretion grant options to the employees, including Directors, of the Company or any company that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Company, to subscribe for shares in the Company. Options granted to a Director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the Independent Non-executive Directors of the Company (excluding any Independent Non-executive Director who is also the grantee).

No options have been granted during the year. At 31 December 2002, the number of shares in respect of which options had been granted under the 2002 Scheme was 7,149,500 representing 1.83% of the shares of the Company in issue at that date.

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The total number of shares in respect of which options may be granted under the 2002 Scheme and any other schemes is not permitted to exceed 30% of the issued share capital of the Company from time to time. In addition, the total number of shares in respect of which options may be granted under the 2002 Scheme and any other schemes must not, in aggregate, exceed 10% of the issued share capital of the Company at the adoption date of the 2002 Scheme, being 39,026,550 shares, without prior approval from the Company's shareholders.

The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue, without prior approval from the Company's shareholders. Options granted to a substantial shareholder, or an Independent Non-executive Director of the Company, or any of their respective associates under the 2002 Scheme and any other schemes in any one year in excess of 0.1% of the Company's issued share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

Options granted must be taken up within 28 days from the date of grant upon payment of HK\$1 per each grant of share options. The exercise period of the share options granted under the 2002 Scheme shall be determined by the Board of Directors when such options are granted, provided that such period shall not end later than 10 years from the date of grant. The exercise price is determined by the Board of Directors and will not be less than the higher of the closing price of the Company's shares on the date of grant, or the

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average closing price of the shares for the five trading days immediately preceding the date of grant, or the nominal value of a share of the Company.

No options were granted during the year. Total consideration received in 2002 from employees for taking up the options granted amounted to HK\$105.

The financial impact of share options granted is not recorded in the Company's or the Group's balance sheet until such time as the options are exercised, and no charge is recognised in the income statements in respect of the value of options granted in the year. Upon the exercise of the share options, the resulting shares issued are recorded by the Company as additional share capital at the nominal value of the shares and the excess of the exercise price per share over the nominal value of the shares is recorded by the Company in the share premium account. Options which are lapsed or are cancelled prior to their exercise dates are deleted from the register of outstanding options.

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Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

Option A:

	2005		2004	
	AVERAGE EXERCISE PRICE IN HK\$ PER SHARE	OPTIONS	AVERAGE EXERCISE PRICE IN HK\$ PER SHARE	OPTIONS
AT 1 JANUARY	17.48	1,691,500	17.48	1,691,500
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Lapsed	17.48	(57,500)	-	-
		-----		-----
AT 31 DECEMBER	17.48	1,634,000	17.48	1,691,500
		=====		=====

Option B:

	2005		2004	
	AVERAGE EXERCISE PRICE IN HK\$ PER SHARE	OPTIONS	AVERAGE EXERCISE PRICE IN HK\$ PER SHARE	OPTIONS
AT 1 JANUARY	17.48	1,753,000	17.48	1,768,000
Granted	-	-	-	-



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Forfeited	-	-	-	-
Exercised	-	-	-	-
Lapsed	17.48	(98,000)	17.48	(15,000)
		-----		-----
AT 31 DECEMBER	17.48	1,655,000	17.48	1,753,000
		=====		=====

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Option C:

	2005		2004	
	AVERAGE		AVERAGE	
	EXERCISE		EXERCISE	
	PRICE IN HK\$		PRICE IN HK\$	
	PER SHARE	OPTIONS	PER SHARE	OPTIONS
AT 1 JANUARY	14.35	3,481,500	14.35	3,481,500
Granted	-	-	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Lapsed	14.35	(170,000)	-	-
		-----		-----
AT 31 DECEMBER	14.35	3,311,500	14.35	3,481,500
		=====		=====

Out of the 6,600,500 outstanding options (2004: 6,926,000 options), no. of exercisable options are as follows:

	2005		2004	
	AVERAGE		AVERAGE	
	EXERCISE		EXERCISE	
	PRICE IN HK\$		PRICE IN HK\$	
	PER SHARE	OPTIONS	PER SHARE	OPTIONS
Option A	17.48	1,634,000	17.48	1,691,500
Option B	17.48	1,655,000	17.48	1,753,000
Option C	14.35	1,655,750	14.35	870,375
		-----		-----
Total		4,944,750		4,314,875
		=====		=====

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Share options outstanding at the end of the year have the following expiry date and exercise prices:

EXPIRY DATE	EXERCISE PRICE IN HK\$ PER SHARE	SHARE OPTIONS 2005	SHARE OPTIONS 2006
25 November 2006	17.48	1,634,000	1,691,000
30 September 2009	17.48	1,655,000	1,753,000
3 February 2012	14.35	3,311,500	3,481,000
		-----	-----
		6,600,500	6,926,000
		=====	=====

Details of specific categories of options are as follows:

OPTION TYPE	DATE OF GRANT	VESTING PERIOD	EXERCISE PERIOD	EXERCISE PRICE
2002 SCHEME				
A (NOTE a)	4 February 2002	-	4 February 2002 - 25 November 2006	17.48
B (NOTE a)	4 February 2002	4 February 2002 - 30 September 2002	1 October 2002 - 30 September 2009	17.48
C (NOTE b)	4 February 2002	4 February 2002 - 3 February 2004	4 February 2004 - 3 February 2012	14.35
1996 SCHEME				
D (NOTE a)	26 November 1996	26 November 1996 - 25 November 1999	26 November 1999 - 25 November 2006	17.48
E (NOTE a)	20 September 1999	20 September 1999 - 30 September 2002	1 October 2002 - 30 September 2009	17.48

NOTES:

- a. Pursuant to a resolution passed in the special general meeting of the Company held on 25 January 2002, the 1996 Scheme was terminated and all existing options under that scheme were cancelled. New options were issued on 4 February 2002 under the 2002 Scheme with the same exercise price and exercise periods to replace the options granted under the 1996 Scheme.

OPTION TYPE A

100% between 4 February 2002 and 25 November 2006

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The exercise periods of the following option types are divided into 3 tranches, as detailed below:

OPTION TYPE D

1. Up to 50% between 26 November 1999 and 25 November 2006
2. Up to 75% between 26 November 2000 and 25 November 2006
3. Up to 100% between 26 November 2001 and 25 November 2006

OPTION TYPES B AND E

1. Up to 50% between 1 October 2002 and 30 September 2009
2. Up to 75% between 1 October 2003 and 30 September 2009
3. Up to 100% between 1 October 2004 and 30 September 2009

- b. Additional share options were issued on 4 February 2002 under the 2002 Scheme.

The exercise period is divided into 3 tranches, as detailed below:

OPTION TYPE C

1. Up to 25% between 4 February 2004 and 3 February 2012
2. Up to 50% between 4 February 2005 and 3 February 2012
3. Up to 100% between 4 February 2006 and 3 February 2012

16. DEFERRED REVENUE - GROUP

	2005 HK\$'000	2004 HK\$'000
The maturity of deferred revenue is as follows:		
Within one year	151,982	175,043
More than one year but not exceeding five years	87,654	111,844
	-----	-----
	239,636	286,887
LESS: amount shown as current	(151,982)	(175,043)
	-----	-----
	87,654	111,844
	=====	=====

17. DEFERRED INCOME TAX

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 relate to the same fiscal authority. The offset amounts are as follows:

	GROUP		COMPANY	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred tax assets:				
- Deferred tax assets to be recovered after more than 12 months	-	-	-	-
- Deferred tax assets to be recovered within 12 months	-	-	-	-
	-----	-----	-----	-----
	-	-	-	-
	-----	-----	-----	-----
Deferred tax liabilities:				
- Deferred tax liabilities to be recovered after more than 12 months	192,654	205,258	-	-
- Deferred tax liabilities to be recovered within 12 months	-	-	-	-
	-----	-----	-----	-----
	192,654	205,258	-	-
	-----	-----	-----	-----
	192,654	205,258	-	-
	=====	=====	=====	=====

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

	GROUP		COMPANY	
	2005	2004	2005	2004
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Beginning of the year	205,258	213,522	-	(76)
Recognised in the				

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income statements (NOTE 22)	(12,604)	(8,264)	-	76
	-----	-----	-----	-----
End of the year	192,654	205,258	-	-
	=====	=====	=====	=====

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

DEFERRED TAX LIABILITIES/(ASSETS) :

	GROUP				COMPANY
	ACCELERATED TAX DEPRECIATION HK\$'000	OTHERS HK\$'000	TAX LOSS HK\$'000	TOTAL HK\$'000	TAX LOSS HK\$'000
AT 1 JANUARY 2004	213,909	(311)	(76)	213,522	(76)
Recognised in the income statements	(6,884)	(1,456)	76	(8,264)	76
Charged to equity	-	-	-	-	-
Exchange differences	-	-	-	-	-
	-----	-----	-----	-----	-----
AT 31 DECEMBER 2004	207,025	(1,767)	-	205,258	-
Recognised in the income statements	(13,730)	1,126	-	(12,604)	-
Charged to equity	-	-	-	-	-
Acquisition of subsidiary	-	-	-	-	-
Exchange differences	-	-	-	-	-
	-----	-----	-----	-----	-----
AT 31 DECEMBER 2005	193,295	(641)	-	192,654	-
	=====	=====	=====	=====	=====

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18. OTHER GAINS - NET

	2005 HK\$'000	2004 HK\$'000
Interest income	43,606	21,813
Gain on disposal of property, plant and equipment other than transponders	99	169
Others	6	-
	-----	-----

43,711	21,982
=====	=====

## 19. EXPENSES BY NATURE

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

	2005	2004
	HK\$'000	HK\$'000
Auditors' remuneration	769	697
Impairment of receivables	2,987	-
Provision for impairment of receivables	7,700	17,690
Depreciation, amortisation and impairment expenses (NOTES 7 AND 8)	295,278	287,382
Employee benefit expense (NOTE 20)	65,092	75,427
Operating leases		
- premises	5,872	5,380
- leasehold land & land use rights	583	583
Net exchange loss	547	288
	=====	=====

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## 20. EMPLOYEE BENEFIT EXPENSE

	2005	2004
	HK\$'000	HK\$'000
Salary and other benefits, including directors' remuneration	60,748	71,071
Pension costs - defined contribution plans	4,344	4,356
	-----	-----
Total staff costs	65,092	75,427
	=====	=====

## (a) PENSIONS - DEFINED CONTRIBUTION PLANS

Forfeited contributions totaling HK\$292,000 (2004: HK\$37,000) were utilised during the year leaving HK\$43,000 available at the year-end to reduce future contributions.

No contributions (2004: HK\$Nil) were payable to the fund at the year-end.

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(b) DIRECTORS' AND SENIOR MANAGEMENT'S EMOLUMENTS

The remuneration of every Director for the year ended 31 December 2005 is set out below:

NAME OF DIRECTOR	FEES HK\$'000	SALARY HK\$'000	DISCRETIONARY BONUSES HK\$'000	INDUCEMENT FEES HK\$'000	OTHER BENEFITS (a) HK\$'000	EMPLOYER'S CONTRIBUTION TO PENSION SCHEME
						HK\$'000
Romain BAUSCH (g)	200	-	-	-	-	-
Robert BEDNAREK (g)	150	-	-	-	-	-
Edward CHEN	225	-	-	-	-	-
Cynthia DICKINS (b) & (g)	12	-	-	-	-	-
DING Yu Cheng (h)	100	-	-	-	-	-
R. Donald FULLERTON	200	-	-	-	-	-
JU Wei Min (h)	100	-	-	-	-	-
KO Fai Wong (h)	100	-	-	-	-	-
MI Zeng Xin (h)	200	-	-	-	-	-
Mark RIGOLLE (g)	100	-	-	-	-	-
Robert SZE	250	-	-	-	-	-
Peter JACKSON	-	2,672	390	-	1,961	401
William WADE	-	2,074	302	-	1,485	311
Total	1,637	4,746	692	-	3,446	712

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The remuneration of every Director for the year ended 31 December 2004 is set out below:

NAME OF DIRECTOR	FEES HK\$'000	SALARY HK\$'000	DISCRETIONARY BONUSES HK\$'000	INDUCEMENT FEES HK\$'000	OTHER BENEFITS (a) HK\$'000	EMPLOYER'S CONTRIBUTION TO PENSION SCHEME
						HK\$'000
Romain BAUSCH (g)	200	-	-	-	-	-
Robert BEDNAREK (g)	150	-	-	-	-	-
Edward CHEN	175	-	-	-	-	-
DING Yu Cheng (h)	100	-	-	-	-	-
R. Donald FULLERTON	175	-	-	-	-	-

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JU Wei Min (h)	125	-	-	-	-	-
KO Fai Wong (c) & (h)	81	-	-	-	-	-
LI Ting Zhou (d) & (h)	19	-	-	-	-	-
MI Zeng Xin (h)	200	-	-	-	-	-
Mark RIGOLLE (e) & (g)	15	-	-	-	-	-
Jurgen SCHULTE (f) & (g)	110	-	-	-	-	-
Robert SZE	175	-	-	-	-	-
Peter JACKSON	-	2,619	2,619	-	1,817	393
William WADE	-	2,033	2,033	-	1,405	305
Total	1,525	4,652	4,652	-	3,222	698

NOTES:

- (a) Other benefits include accommodation, car, leave passage, insurance premium and club membership.
- (b) Appointed on 17 November 2005.
- (c) Appointed on 11 March 2004.
- (d) Resigned on 11 March 2004.
- (e) Appointed on 17 November 2004.
- (f) Resigned on 17 November 2004.
- (g) Paid to SES GLOBAL and its subsidiary.
- (h) Paid to a subsidiary of CITIC.

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(c) FIVE HIGHEST PAID INDIVIDUALS

The five individuals whose emoluments were the highest in the Group for the year include two (2004: two) directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2004: three) individuals during the years presented are as follows:

	2005 HK\$'000	2004 HK\$'000
Basic salaries, housing allowances, share options, other allowances and benefits in kind	8,450	8,313
Contributions to retirement benefits scheme	701	687
Performance related incentive payments	606	3,666
	-----	-----



9,757	12,666
=====	=====

The emoluments fell within the following bands:

EMOLUMENT BANDS	NUMBER OF INDIVIDUALS	
	2005	2004
HK\$2,500,001 - HK\$3,000,000	1	-
HK\$3,000,001 - HK\$3,500,000	1	-
HK\$3,500,001 - HK\$4,000,000	1	1
HK\$4,000,001 - HK\$4,500,000	-	1
HK\$4,500,001 - HK\$5,000,000	-	1
	-----	-----
	3	3
	=====	=====

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21. FINANCE COSTS

	2005	2004
	HK\$'000	HK\$'000
Interest expense:		
- bank borrowings: bank loans and overdrafts	-	1
	=====	=====

22. 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 17.5% (2004: 17.5%) on the estimated assessable profit for the year.

Overseas tax, including the Foreign Enterprises Income Tax in the People's Republic of China, is calculated at 5% to 20% of the gross revenue earned in certain of the overseas jurisdictions.

Details of deferred taxation are set out in note 17.

The Group currently has a tax case in dispute with the Indian tax authorities. Details of this area set out in note 28.

	2005	2004
	HK\$'000	HK\$'000
CURRENT INCOME TAX		
- Hong Kong profits tax	45,056	49,574
- Overseas taxation	18,818	19,226
DEFERRED INCOME TAX (NOTE 17)	(12,604)	(8,264)
	-----	-----

51,270	60,536
=====	=====

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

	2005	2004
	HK\$'000	HK\$'000
Profit before tax	416,635	491,616
	=====	=====
Tax calculated at tax rate of 17.5% (2004: 17.5%)	72,911	86,033
ax effect of income not subject to tax	(84,164)	(91,475)
Tax effect of expenses not deductible for tax purposes	43,027	44,585
Tax effect of tax losses of associates not recognised	678	2,167
Effect of income tax rate differential between Hong Kong and overseas locations	18,818	19,226
	-----	-----
Tax expense	51,270	60,536
	=====	=====

## 23. NET FOREIGN EXCHANGE LOSSES

The exchange differences recognised in the income statements are included as follows:

	2005	2004
	HK\$'000	HK\$'000
Administrative expenses	547	288
	=====	=====

## 24. PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The profit attributable to equity holders of the Company is dealt with in the financial statements of the Company to the extent of HK\$136,977,000 (2004: HK\$125,358,000).

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## 25. EARNINGS PER SHARE

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BASIC

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

	2005 HK\$'000	2004 HK\$'000
Profit attributable to equity holders of the Company	366,184 =====	431,216 =====
Weighted average number of ordinary shares in issue (thousands)	390,266 =====	390,266 =====
Basic earnings per share (HK\$ per share)	0.94 =====	1.10 =====

DILUTED

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has share options of dilutive potential ordinary shares. 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 the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

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	2005 HK\$'000	2004 HK\$'000
Profit used to determine diluted earnings per share	366,184 =====	431,216 =====
Weighted average number of ordinary shares in issue (thousands)	390,266	390,266
Adjustments for - share options (thousands)	26 -----	- -----
Weighted average number of ordinary shares for diluted earnings per share (thousands)	390,292 =====	390,266 =====
Diluted earnings per share (HK\$ per share)	0.94 =====	1.10 =====

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## 26. DIVIDENDS

The dividends paid during the years ended 2005 and 2004 were HK\$136,593,000 (HK\$0.35 per share) and HK\$124,885,000 (HK\$0.32 per share) respectively. A dividend in respect of 2005 of HK\$0.27 per share, amounting to a total dividend of HK\$105,372,000 is to be proposed at the Annual General Meeting on 19 May 2006. These financial statements do not reflect this dividend payable.

	2005 HK\$'000	2004 HK\$'000
Interim dividend paid of HK\$0.08 (2004: HK\$0.08) per ordinary share	31,221	31,221
Proposed final dividend of HK\$0.27 (2004: HK\$0.27) per ordinary share	105,372	105,372
	-----	-----
	136,593	136,593
	=====	=====

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## 27. CASH GENERATED FROM OPERATIONS

	2005 HK\$'000	2004 HK\$'000
Profit for the year	365,365	431,080
Adjustments for:		
- Tax (NOTE 22)	51,270	60,536
- Bad debt expenses	2,987	-
- Provision for impairment of receivables (written back) made	7,700	17,690
- Depreciation (NOTE 7)	295,117	287,382
- Amortisation of prepaid operating lease payment (NOTE 6)	583	583
- Amortisation of licence (NOTE 8)	161	-
- Profit on sale of property, plant and equipment (see below)	(99)	(169)
- Interest income (NOTE 18)	(43,606)	(21,813)
- Finance costs (NOTE 21)	-	1
- Share of loss from associates (NOTE 10)	3,872	12,380
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
- Unbilled receivable	704	6,357
- Amount paid to tax authority	(26,643)	(42,535)
- Inventories	(18)	(416)
- Trade and other receivables	779	(27,136)
- Other payables and accrued expenses	(1,204)	47,964
- Deferred revenue	(47,251)	7,509
	-----	-----

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Cash generated from operations	609,717	779,413
	=====	=====

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In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2005 HK\$'000	2004 HK\$'000
Net book amount (NOTE 7)	9	88
Profit on sale of property, plant and equipment	99	169
	-----	-----
Proceeds from sale of property, plant and equipment	108	257
	=====	=====

28. CONTINGENCIES

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

The Indian tax authorities have assessed the Group for income tax as follows:

ASSESSMENT YEAR	AMOUNT HK\$ (approximate)	AMOUNT INR (approximate)
1997-98	20 million	115 million
1998-99	23 million	141 million
1999-00	22 million	127 million
2000-01	14 million	84 million
2001-02	29 million	171 million
2002-03	38 million	210 million
	-----	-----
Total	146 million	848 million
	=====	=====

The Group has filed appeals for each of the assessment years 1997-98 to 2002-03.

No assessment has yet been made for the 2003-04 or 2004-05 assessment years.

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The Income Tax Appellate Tribunal (the "Tribunal") in an earlier appeal filed against the original assessment for the assessment year 1997-98 held that the Group is liable for Indian income tax under certain circumstances. The Group does not believe that it is liable for the Indian income tax as held by the Tribunal and has filed an appeal against the Tribunal's decision. The tax authorities have also filed an appeal against the Tribunal's decision. Both the appeals have been admitted by the High Court.

In order to obtain a stay of recovery proceedings, the Group has made payments as follows and has recorded these payments as an asset on the assumption that the amounts are recoverable:

ASSESSMENT YEAR	AMOUNT HK\$ (approximate)	AMOUNT INR (approximate)
1997-98	13 million	78 million
1998-99	15 million	88 million
1999-00	10 million	62 million
2000-01	9 million	50 million
2001-02	20 million	119 million
2002-03	27 million	148 million
	-----	-----
Total	94 million =====	545 million =====

In addition, based on the general principles set forth by the Tribunal, the amount of income taxable in India depends on the payments made by the Group's customers to the Group for the purpose of those customers carrying on business in India or earning income from any source in India. As such information is proprietary in nature and has not been provided by the Group's customers, the Group cannot reasonably estimate the taxable income and therefore also cannot estimate the amount of income tax to which the Group may be assessed. Furthermore, as stated above, the Group has filed an appeal against the Tribunal's decision. The appeal has been admitted by the High Court and is pending before the Court. Accordingly, no provision has been recognised for Indian income tax in the Group's financial statements.

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29. MAJOR NON-CASH TRANSACTIONS

On 30 November 2004, the Group decreased its equity interest in Skywave TV Company Limited ("Skywave") from 100% to 80% when two independent third parties made a contribution in kind of HK\$3 million each in return for 10% stake in the Skywave. There was no major non-cash transaction during 2005.

30. COMMITMENTS - GROUP

CAPITAL COMMITMENTS

Capital expenditure at the balance sheet date but not yet incurred

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is as follows:

	2005 HK\$'000	2004 HK\$'000
A satellite earth station		
Contracted but not provided for	-	15,561
Other investment projects		
Authorised but not contracted for	10,140	5,486
Other assets		
Contracted but not provided for	5,750	345
	-----	-----
	15,890	21,392
	=====	=====

OPERATING LEASE COMMITMENTS - WHERE THE GROUP IS THE LESSEE

The Group leases certain of its office and residential premises under non-cancellable operating leases. Leases are negotiated for an average term of two to four years. The lease expenditure expensed in the income statement during the years presented are disclosed in note 19.

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

	2005 HK\$'000	2004 HK\$'000
Not later than 1 year	4,376	6,504
Later than 1 year and not later than 5 years	4,773	10,647
Later than 5 years	-	-
	-----	-----
	9,149	17,151
	=====	=====

OPERATING LEASE COMMITMENTS - WHERE THE GROUP IS THE LESSOR

The Group leases its office premises under non-cancellable operating leases. The lease is negotiable for four years. The lease income recognised in the income statements during the year was HK\$552,000 (2004: HK\$368,000).

The Group had contracted with the customer for the following future minimum lease payments:

	2005 HK\$'000	2004 HK\$'000
Within one year	552	552
One to two years	552	552
Two to three years	184	552

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Three to four years	-	184
	-----	-----
	1,288	1,840
	=====	=====

31. RELATED-PARTY TRANSACTIONS

The Group is controlled by Bowenvale Limited (incorporated in British Virgin Islands), which owns 68.9% of the Company's shares. The remaining 31.1% of the shares are widely held. The ultimate parents of the Group are CITIC Group (incorporated in China) and SES GLOBAL S.A. (incorporated in Luxembourg).

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The following transactions were carried out with related parties:

i) INCOME FROM PROVISION OF SATELLITE TRANSPONDER CAPACITY

The Group has entered into agreements for the provision of transponder capacity to a subsidiary of CITIC, CITIC Guoan Information Industry Company Limited. CITIC is a substantial shareholder of the Company throughout the year.

During the year, the Group recognised income from provision of satellite transponder capacity from its associate, SpeedCast.

	2005 HK\$'000	2004 HK\$'000
CITIC Guoan Information Industry Company Limited	2,461	3,101
SpeedCast Limited (an associate)	32,202	18,793
	-----	-----
	34,663	21,894
	=====	=====

ii) AGENCY FEE

In addition, the Group has entered into an agreement with CITIC Technology Company Limited, a subsidiary of CITIC, for collecting money from China customers on behalf of the Group.

	2005 HK\$'000	2004 HK\$'000
CITIC Technology Company Limited	723	686
	=====	=====

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## iii) KEY MANAGEMENT COMPENSATION

Information for other management personnel is set out in note 20.

The Group made payments to SES GLOBAL and its subsidiary and a subsidiary of CITIC for certain Non-executive Directors representing SES GLOBAL and CITIC.

	2005 HK\$'000	2004 HK\$'000
SES GLOBAL and its subsidiary	462	475
A subsidiary of CITIC	500	525
	-----	-----
	962	1,000
	=====	=====

## iv) LICENCE FEE

	2005 HK\$'000	2004 HK\$'000
SES ASTRA S.A.	-	49
	=====	=====

SES ASTRA S.A. is a wholly-owned subsidiary of SES GLOBAL. SES GLOBAL was a substantial shareholder of the Company throughout the years presented.

## v) INTEREST INCOME ON LOAN RECEIVABLE FROM AN ASSOCIATE

	2005 HK\$'000	2004 HK\$'000
SpeedCast Limited (an associate)	176	419
	=====	=====

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## vi) YEAR-END BALANCES ARISING FROM THESE TRANSACTIONS

	2005 HK\$'000	2004 HK\$'000
Trade receivables from related parties (NOTE 12):		
CITIC Guoan Information Industry Company Limited	39	1,248
SpeedCast Limited (an associate)	7,639	3,326

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	7,678	4,574
	=====	=====
Receivables from related parties (NOTE 12):		
CITIC Technology Company Limited	15,503	14,628
	=====	=====
Payables to related parties:		
CITIC Technology Company Limited	455	770
	=====	=====
vii) LOAN RECEIVABLE FROM AN ASSOCIATE		
	2005	2004
	HK\$'000	HK\$'000
Loan receivable from SpeedCast Limited:		
Beginning of the year	5,070	7,279
Loans advanced during the year	-	1,301
Loan repayments received	(5,070)	(3,510)
	-----	-----
End of the year (NOTE 12)	-	5,070
	=====	=====

The amount was secured, bearing interest at 6% per annum and was fully repaid as at 31 December 2005.

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

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SUPPLEMENTARY INFORMATION FOR ADR HOLDERS

The Group's financial statements are prepared in accordance with accounting principles generally accepted in Hong Kong ("HK GAAP"), which differ in certain significant respects from those in the United States ("US GAAP"). The significant differences relating principally to the following items and the adjustments considered necessary to restate profit for the year (net income) and shareholders' funds (shareholders' equity) in accordance with US GAAP are shown in the tables set out below.

The following table summarises the effect on profit (net income) of differences between HK GAAP and US GAAP for the year:

	YEAR ENDED 31 DECEMBER		
	2005	2005	2004
	US\$'000	HK\$'000	HK\$'000
(NOTE 1)			

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Profit for the year (net income) as reported under HK GAAP	46,947	366,184	431,216
US GAAP adjustments:			
Amortisation of interest and borrowing costs (A)	(1,035)	(8,072)	(8,072)
Amortisation of goodwill (B)	-	-	221
Tax effect on reconciling items (C)	90	706	706
	-----	-----	-----
Profit for the year (net income) under US GAAP	46,002	358,818	424,071
	=====	=====	=====
Basic earnings per share under US GAAP	US\$0.12	HK\$0.92	HK\$1.09
Diluted earnings per share under US GAAP	US\$0.12	HK\$0.92	HK\$1.09
Basic earnings per American Depositary Share ("ADS") under US GAAP (NOTE 2)	US\$1.18	HK\$9.19	HK\$10.86
Diluted earnings per American Depositary Share ("ADS") under US GAAP (NOTE 2)	US\$1.18	HK\$9.19	HK\$10.86
Shares used in computation of basic earnings per share (in thousands)	390,266	390,266	390,266
Shares used in computation of diluted earnings per share (in thousands)	390,292	390,292	390,266

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The following table summarises the effect on shareholders' equity of the differences between HK GAAP and US GAAP:

	2005 US\$'000 (NOTE 1)	AS AT 31 DECEMBER 2005 HK\$'000	2004 HK\$'000
Shareholders' equity as reported under HK GAAP	526,178	4,104,188	3,874,597
US GAAP adjustments:			
Capitalisation of interest and borrowing costs (A)	15,767	122,980	122,980
Amortisation of interest and borrowing costs (A)	(10,336)	(80,617)	(72,545)
Amortisation of goodwill (B)	1,452	11,325	11,325
Impairment loss of goodwill (B)	(1,424)	(11,104)	(11,104)
Tax effect of reconciling items (C)	(1,004)	(7,831)	(8,537)
	-----	-----	-----

Shareholders' equity under

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US GAAP	530,633	4,138,941	3,916,716
	=====	=====	=====

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(a) CAPITALISATION OF INTEREST AND BORROWING COSTS

Under HK GAAP, interest on bank loans and related costs of obtaining the loans (including costs incurred in connection with loan facilities) taken out to finance construction of satellites is capitalised during the period of construction. Under US GAAP, the interest cost incurred during the period of construction that could have been avoided if the construction of satellites had not been made, is capitalised. The interest capitalised is computed by applying an average borrowing rate of outstanding debt to the total amount of qualifying assets under construction, not to exceed total interest costs incurred.

In addition, under US GAAP, certain related borrowing costs payable to lenders are excluded from the amounts capitalised.

(b) AMORTISATION AND IMPAIRMENT LOSS OF GOODWILL

Under HK GAAP, HKFRS 3 requires all business combinations for which the agreement date is on or after 1 January 2005 to be accounted for using the purchase method. Goodwill acquired in a business combination will no longer be amortised but will be subject to impairment tests at least annually in accordance with HKAS 36. Upon the adoption of HKFRS 3, the net carrying amount of goodwill carried on the balance sheet is frozen and will be tested for impairment. Goodwill previously taken directly to reserves will no longer be subject to impairment testing and will not be recognised in the income statements when all or part of the business to which the goodwill relates is disposed of. Accordingly, goodwill previously taken directly to reserves will not impact the income statements in the future upon the adoption of HKAS 36.

Under US GAAP, effective from 1 January 2002, goodwill is: (i) no longer amortised, (ii) assigned to a reporting unit and (iii) tested for impairment at least annually. Prior to 1 January 2002, goodwill was amortised over its estimated useful life, not to exceed 40 years under US GAAP.

(c) The amounts included in the reconciliation show the income tax effects of the differences between HK GAAP and US GAAP as described above.

NOTES:

1. The translations of Hong Kong dollar amounts into United States dollars are for convenience only and have been made at a rate of HK\$7.8 to US\$1, the approximate rate of exchange at 31 December 2005. Such translations should not be construed as representations that the Hong Kong dollar amounts could be converted into United States dollars at that or any other rate.

2. One ADS is equivalent to 10 ordinary shares.

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### 3. INDEBTEDNESS

As at the close of business on 14 June 2006, being the Latest Practicable Date for ascertaining information regarding this indebtedness statement prior to the printing of this circular, the Group had no outstanding borrowings.

Apart from intra-group liabilities and normal trade payables, the Group did not have outstanding at the close of business on 14 June 2006 any debt securities issued and outstanding or agreed to be issued, mortgages, charges, debentures or other loan capital or bank overdrafts, loans or other similar indebtedness, or finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities.

Since 14 June 2006, there has been no material change in the amount of indebtedness of the Group. For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximate rates of exchange in effect at the close of business on the Latest Practicable Date.

Details of the contingent liabilities of the Group as at 31 December 2005 are set out in Note 28 to the Company's audited consolidated financial statements for the year ended 31 December 2005 on pages 60 and 61 of this circular. Subsequently the Group received an assessment from the Indian Tax Authority for the assessment year 2003/04 amounting to HK\$43 million, which increases the contingent liabilities of the Group from HK\$146 million to HK\$189 million. Save as disclosed, the Directors are not aware any material change in the contingent liabilities at the date of this circular.

In addition to the above, as at the Latest Practicable Date, the Group had no outstanding claims in respect of pending litigation as defined in the paragraph headed "Litigation" of Appendix III to this circular.

### 4. WORKING CAPITAL

In the absence of unforeseen circumstances and taking into account the Group's available funds on hand, the Directors are of the opinion that the Group has sufficient working capital for its present requirements for at least 12 months from the date of publication of this circular.

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APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION

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### 1. UNAUDITED PRO FORMA STATEMENT OF THE ASSETS AND LIABILITIES OF THE GROUP

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The following is the unaudited pro forma statement of the assets and liabilities of the Group prepared to illustrate the effect of the acquisition of AsiaSat 5 on the assets and liabilities of the Group as if the acquisition had been completed on 31 December 2005. The unaudited pro forma statement of the assets and liabilities of the Group was prepared based on the Group's unadjusted statement of assets and liabilities as at 31 December 2005 extracted from the audited consolidated balance sheet of the Group as at 31 December 2005, as set out in the Annual Report of the Group, after making pro forma adjustments as set out in note 2 below.

This unaudited pro forma statement of the assets and liabilities of the Group has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group as at 31 December 2005 or at any future date.

	UNADJUSTED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AS AT 31 DECEMBER 2005 HK\$'000 (NOTE 1)	PRO FORMA ADJUSTMENT HK\$'000 (NOTE 2)	PRO FORMA UNAUDITED STATEMENT OF ASSETS AND LIABILITIES HK\$'000
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2,620,911	1,404,000	4,024,911
Leasehold land and land use rights	24,199	-	24,199
Intangible assets	1,339	-	1,339
Unbilled receivable	174,563	-	174,563
Interests in associates	14,294	-	14,294
Amount paid to tax authority	93,666	-	93,666
	-----	-----	-----
	2,928,972	1,404,000	4,332,972
	-----	-----	-----

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UNAUDITED PRO FORMA FINANCIAL INFORMATION  
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	UNADJUSTED STATEMENT OF ASSETS AND LIABILITIES OF THE GROUP AS AT 31 DECEMBER 2005 HK\$'000 (NOTE 1)	PRO FORMA ADJUSTMENT HK\$'000 (NOTE 2)	PRO FORMA UNAUDITED STATEMENT OF ASSETS AND LIABILITIES HK\$'000
--	--	---	---

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CURRENT ASSETS			
Inventories	434	-	434
Trade and other receivables	118,598	-	118,598
Other loan receivable	-	-	-
Cash and cash equivalents	1,635,526	(1,404,000)	231,526
	-----	-----	-----
	1,754,558	(1,404,000)	350,558
	-----	-----	-----
CURRENT LIABILITIES			
Construction payables	3,096	-	3,096
Other payables and accrued expenses	64,118	-	64,118
Deferred revenue	151,982	-	151,982
Current income tax liabilities	74,180	-	74,180
Dividend payable	121	-	121
	-----	-----	-----
	293,497	-	293,497
	-----	-----	-----
NET CURRENT ASSETS	1,461,061	(1,404,000)	57,061
	-----	-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES	4,390,033	-	4,390,033
	-----	-----	-----
NON-CURRENT LIABILITIES			
Deferred income tax liabilities	192,654	-	192,654
Deferred revenue	87,654	-	87,654
	-----	-----	-----
	280,308	-	280,308
	-----	-----	-----
NET ASSETS	4,109,725	-	4,109,725
	=====	=====	=====

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UNAUDITED PRO FORMA FINANCIAL INFORMATION  
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Notes to the unaudited pro forma statement of the assets and liabilities:

1. The unadjusted statement of assets and liabilities of the Group are extracted from the audited consolidated balance sheet of the Group as at 31 December 2005.
2. The adjustment represents the estimated aggregate cash consideration of HK\$1,404 million for the commissioning of AsiaSat 5, including the contract price under the Launch Contract and the Construction Agreement plus other costs directly attributable to the commissioning of AsiaSat 5.
3. For the purpose of the pro forma statement of the assets and liabilities, the balances stated in United States dollars ("US\$") have been translated to Hong Kong dollars ("HK\$") at an exchange rate of US\$1 = HK\$7.8.

4. No adjustment has been made to reflect any operating results or other events subsequent to 31 December 2005. Also, no adjustment has been made to reflect any future capital expenditure.

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UNAUDITED PRO FORMA FINANCIAL INFORMATION  
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2. LETTER ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a letter, received from the auditors of the Company, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information for the purpose of its incorporation in this circular.

[GRAPHIC OMITTED]  
[LOGO -- PRICEWATERHOUSECOOPERS]

-----  
[CHINESE CHARACTERS] | PricewaterhouseCoopers  
| 22/F. Prince's Building  
| Central, Hong Kong

The Directors  
Asia Satellite Telecommunications Holdings Limited

20 June 2006

Dear Sirs,

We report on the unaudited pro forma financial information of Asia Satellite Telecommunications Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 71 to 73 under the heading of "Unaudited Pro Forma Financial Information" (the "unaudited pro forma financial information") in Appendix II of the Company's circular dated 20 June 2006, in connection with the commissioning of AsiaSat 5 by the Company (the "Circular"). The unaudited pro forma financial information has been prepared by the Directors of the Company, for illustrative purposes only, to provide information about how the commissioning of AsiaSat 5 might have affected the relevant financial information of the Group. The basis of preparation of the unaudited pro forma financial information is set out on pages 71 to 73 of the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND AUDITORS

It is the responsibility solely of the Directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

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It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the Group's unadjusted statement of assets and liabilities as at 31 December 2005 with the audited consolidated balance sheet of the Group as at 31 December 2005, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the Directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the Directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the Directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2005 or any future date.

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OPINION

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the Directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph

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4.29(1) of the Listing Rules.

Yours faithfully,

PRICEWATERHOUSECOOPERS  
CERTIFIED PUBLIC ACCOUNTANTS

Hong Kong

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APPENDIX III

GENERAL INFORMATION  
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## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) INTEREST OF DIRECTORS AND CHIEF EXECUTIVES IN SECURITIES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interest or short position in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken or deemed to have taken under such provisions of the SFO), or (b) were required pursuant to section 352 of the SFO to be entered in the register referred to therein, or (c) were required pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange.

### (i) SHARES IN THE COMPANY

NAME OF DIRECTOR	CAPACITY	LONG OR SHORT POSITION	NUMBER OF ORDINARY SHARES IN THE COMPANY	PERCENTAGE ISSUED CAP
Peter JACKSON	Beneficial owner	Long position	163,500	0.0
William WADE	Beneficial owner	Long position	5,000	0.0

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## (ii) SHARE OPTIONS IN THE COMPANY

DIRECTORS	NUMBER OF OPTIONS				PERCENTAGE OF ISSUED CAPITAL	EXERCISE PRICE HK\$	GRANT D
	HELD AT 1 JAN 2005	GRANTED DURING THE YEAR	EXERCISED/ CANCELLED/ LAPSED DURING THE YEAR	HELD AT 31 DEC 2005			
Romain BAUSCH	100,000	-	-	100,000	0.026%	14.35	4 Feb 2
Edward CHEN	50,000	-	-	50,000	0.013%	14.35	4 Feb 2
DING Yu Cheng	50,000	-	-	50,000	0.013%	14.35	4 Feb 2
R Donald FULLERTON	75,000	-	-	75,000	0.019%	14.35	4 Feb 2
JU Wei Min	50,000	-	-	50,000	0.013%	14.35	4 Feb 2
MI Zeng Xin	100,000	-	-	100,000	0.026%	14.35	4 Feb 2
Robert SZE	75,000	-	-	75,000	0.019%	14.35	4 Feb 2
LI Tong Zhou	50,000	-	(50,000)	-	Nil	14.35	4 Feb 2
Jurgen SCHULTE	50,000	-	(50,000)	-	Nil	14.35	4 Feb 2
Peter JACKSON	335,000	-	-	335,000		17.48	4 Feb 2
	150,000	-	-	150,000		17.48	4 Feb 2
	430,000	-	-	430,000	0.234%	14.35	4 Feb 2
William WADE	316,000	-	-	316,000		17.48	4 Feb 2
	114,000	-	-	114,000		17.48	4 Feb 2
	330,000	-	-	330,000	0.195%	14.35	4 Feb 2

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## (b) SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, so far as was known to any Director or chief executive of the Company, no person (other than a Director or chief executive of the Company or their respective associates), as at the Latest Practicable Date, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

## SHARES IN THE COMPANY

NUMBER OF	LONG OR	PERCENTAGE OF ISSUED
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NAME	ORDINARY SHARES	SHORT POSITION	SHARE CAPITAL
Bowenvale Limited	268,905,000	Long position	68.90%
Able Star Associates Limited (1)	268,905,000	Long position	68.90%
CITIC Group (1)	268,905,000	Long position	68.90%
SES GLOBAL Holding AG (2)	268,905,000	Long position	68.90%
SES GLOBAL S.A. (2)	268,905,000	Long position	68.90%
Aberdeen Asset Management Asia Limited	21,188,000	Long position	5.43%

NOTES:

- (1) Able Star Associates Limited ("Able Star") controls 50% of the voting rights of Bowenvale Limited ("Bowenvale"). Able Star is wholly owned by CITIC Asia Limited ("CITIC Asia"), which in turn is wholly owned by CITIC Projects Management (HK) Limited ("CITIC Projects"), which is a wholly owned subsidiary of CITIC Group ("CITIC"). Accordingly, Able Star, CITIC Asia, CITIC Projects and CITIC are deemed to be interested in the 268,905,000 shares in the Company held by Bowenvale.
- (2) SES GLOBAL Holding AG ("SES GLOBAL Holding") controls 50% of the voting rights of Bowenvale. SES GLOBAL Holding is wholly owned by SES GLOBAL ASIA S.A., which in turn is a wholly owned subsidiary of SES GLOBAL S.A. ("SES GLOBAL"). Accordingly, SES GLOBAL Holding, SES GLOBAL ASIA S.A. and SES GLOBAL are deemed to be interested in the 268,905,000 shares in the Company by Bowenvale.

As at the Latest Practicable Date, save as disclosed above, none of the Directors was a director or employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

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SHARES IN OTHER MEMBERS OF THE GROUP

As at the Latest Practicable Date, so far as was known to any Director or chief executive of the Company, no person (other than a Director or chief executive of the Company or their respective associates) was, directly or indirectly, interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

(c) DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Romain BAUSCH, Robert BEDNAREK, Mark RIGOLLE and Cynthia DICKINS are senior executives of SES GLOBAL S.A. ("SES"), a substantial shareholder of the Company. SES is the world's leading satellite group. SES comprises of a network of satellite operators located across all continents. SES

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competes and is likely to compete either directly or indirectly with the business of the Company as they provide transponder capacity to certain Asia Pacific countries and areas that are also served by the Company.

MI Zeng Xin and JU Wei Min are senior executives of CITIC, a substantial shareholder of the Company. CITIC has a substantial interest in Sino Satellite Communications Company Limited ("SINOSAT"). It is a state owned telecommunications satellite operator with its headquarters stationed in Beijing, China. SINOSAT competes and is likely to compete either directly or indirectly with the business of the Company as they provide transponder capacity to certain Asia Pacific countries and areas particularly in China that are also served by the Company.

### (d) SERVICE CONTRACTS

There is no existing or proposed service contracts between any of the Directors and any member of the Group, other than contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

### (e) SAVE AS DISCLOSED IN THIS CIRCULAR:

- (i) none of the Directors has had any direct or indirect interest in any assets which have since 31 December 2005 (being the date to which the latest published audited accounts of the Company were made up) been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group; and
- (ii) no Director is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

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### 3. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2005, being the date to which the latest published audited accounts of the Company were made up.

### 4. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or claim of material importance and the Directors are not aware of any litigation or claim of material importance pending or threatened against the Company or any of its subsidiaries.

### 5. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this circular and are or may be material:-

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- (a) the Construction Agreement dated 28 April 2006 entered into by AsiaSat and the Construction Contractor for the construction of AsiaSat 5, details of which are set out in the section headed "Letter from the Board" of this circular; and
- (b) the Launch Contract dated 8 May 2006 entered into between AsiaSat and the Launch Contractor for the launch of AsiaSat 5, details of which are set out in the section headed "Letter from the Board" of this circular.

### 6. EXPERTS AND CONSENT

- (a) The qualifications of the expert who has given its report contained in this circular are set out as follows:

NAME	QUALIFICATION
PricewaterhouseCoopers	Certified Public Accountants

- (b) PricewaterhouseCoopers has confirmed that it has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

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- (c) PricewaterhouseCoopers has confirmed that it does not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2005, being the date to which the latest published audited accounts of the Company were made up.
- (d) PricewaterhouseCoopers has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

### 7. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection of the offices at 17th Floor, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong during normal business hours up to and including 4 July 2006:

- (a) the Bye-laws of the Company;
- (b) the audited consolidated financial statements of the Company and its subsidiaries for the two financial years ended 31 December 2004 and 2005;
- (c) the letter from PricewaterhouseCoopers on the unaudited pro forma financial information set out in Appendix II to this circular,
- (d) each of the material contracts referred to in the paragraph headed "Material Contracts" of this Appendix; and

(e) this circular.

8. MISCELLANEOUS

- (a) The company secretary, and the qualified accountant, of the Company is Denis Lau, who is a fellow member of the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. He is also an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom.
- (b) The registered office of the Company is Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda.

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- (c) The head office of the Company is 17th Floor, The Lee Gardens, 33 Hysan Avenue, Causeway Bay, Hong Kong.
- (d) The principal share registrars of the Company are Butterfield Fund Services (Bermuda) Limited, whose registered office is at Rosebank Centre, 11 Bermudiana Road, Hamilton, Bermuda and the Hong Kong branch registrars and transfer office of the Company are Computershare Hong Kong Investor Services Limited, whose registered office is at Hopewell Centre, 46th Floor, 183 Queen's Road East, Wanchai, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text.

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