



1988-2008 **20** YEARS

## ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED ANNOUNCEMENT OF INTERIM RESULTS

### FOR THE SIX MONTHS TO 30 JUNE 2008

HONG KONG, 15 August 2008 -- Asia Satellite Telecommunications Holdings Limited ('AsiaSat' - SEHK: 1135), Asia's leading satellite operator, today announces its 2008 interim results for the six months ended 30 June 2008.

### SOLID PERFORMANCE

#### Financial Summary:

			<b>Excluding One-Time Receipts</b>	
• Turnover	HK\$487,407,000	+5.6%	HK\$485,982,000	+7.3%
• Profit attributable to equity holders	HK\$223,872,000	-9.7%	HK\$222,447,000	-6.8%
• Earnings per share	HK\$0.57	-9.5%	HK\$0.57	-6.5%
• Dividend per share	HK\$0.08	no change		

#### Operational Highlights:

- Overall transponder utilisation rate increased to 53%
- Major contracts secured and renewed
- Construction of AsiaSat 5 on schedule for launch in June 2009
- Planning for AsiaSat 6 commenced
- Turnover of SpeedCast up 15% to HK\$55 million; inclusion of SpeedCast's revenue since it became a wholly-owned subsidiary in 2H07

AsiaSat's Chairman, Mi Zeng Xin, said, "The year so far is encouraging; we are the market leader in Asia, are financially robust and are debt-free, and business is positive. We remain totally committed to the future of satellite communication in the Asia-Pacific region and as markets strengthen, we are well prepared for the future."

For further information, please contact:

#### Asia Satellite Telecommunications

Winnie Pang

2500 0880

#### Edelman

Angel Kan

2837 4706

**ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**  
(Incorporated in Bermuda with limited liability)  
Stock Code: 1135

**Announcement of Unaudited Results for the six months ended 30 June 2008**

## **Chairman's Statement**

### **Solid Performance**

#### **Improved Market Continues**

I am pleased to report that the improved market conditions recorded at the time of the 2007 Annual Report have continued through the first half of 2008, our 20<sup>th</sup> year of operation, and that we are optimistic about the future.

During the period under review, AsiaSat added new customers and achieved increases both in overall utilisation and in the number of transponders provided to customers. This strong performance enabled us to maintain the core turnover at a level only marginally less than that of the corresponding period last year despite the migration of broadcast customers in China to the new Chinese satellites.

During the period, our satellite fleet performed well and our new satellite, AsiaSat 5, which is currently under construction in the United States, is progressing well. I am also pleased to report that we have now embarked on another new satellite, AsiaSat 6. In April, we moved into new office premises in Hong Kong.

#### **The China Earthquake**

In May, the devastating earthquake in China left many thousands dead and millions homeless in Sichuan province and its surrounding regions.

The magnitude of this disaster was overwhelming but I can report to Shareholders that AsiaSat volunteered to work with the Chinese government and commercial organisations to make a modest but important contribution to the relief effort. The Company donated satellite capacity, time, knowledge and expertise to help establish vital communication links, and provided equipment and emergency support to various Government departments and emergency services in the affected areas.

In Hong Kong, AsiaSat has also sponsored a fund raising event that was broadcast across Asia on 1 June 2008 via one of our satellites. We are grateful to all who supported this initiative and our deepest sympathy goes out to all the people whose lives have been affected by the disaster.

### **Interim Results**

#### **Turnover**

Turnover for the first half of 2008 was HK\$487 million (2007: HK\$461 million), an increase of some 6%. The uplift came principally as a result of the inclusion of SpeedCast's revenue since SpeedCast became a wholly-owned subsidiary of AsiaSat in the second half of 2007. SpeedCast generated a gross revenue of HK\$55 million and made a net contribution of HK\$33 million to the Group's consolidated turnover after the elimination of inter-company sales during the period.

As noted above, revenue was impacted by the migration of broadcast customers in China to new Chinese satellites. Growth was also held back by a reduction in one-off receipts that totalled HK\$1 million compared with HK\$8 million in the same period in 2007.

Despite these negative influences upon the revenue in the first half of 2008, it is rewarding to note that our core business improved and that we continued to secure new contracts during the first six months.

This new business helped to mitigate the effect of the lost revenue mentioned above. In fact, the income from new customers in the first half of 2008 almost compensated for the loss of revenue from the Chinese broadcast customers.

### **Operating Expenses**

Operating expenses in the first half of 2008 amounted to HK\$136 million (2007: HK\$90 million). The increase arose from the inclusion of SpeedCast's expenses and a provision for impairment of trade receivables of HK\$14 million.

### **Profit**

The profit attributable to equity holders during the period was HK\$223 million (2007: HK\$247 million), a decline of some 10%. The decrease resulted primarily from the inclusion of a loss of HK\$2 million recorded by SpeedCast in first half of the year, the impairment provision of HK\$14 million, and a reduction in interest income of approximately HK\$18 million owing to the continued fall in bank deposits interest rates. The negative impact of this was lessened somewhat by a reduction in the Hong Kong tax rate.

The Group's EBITDA (earnings before interest, tax, depreciation and amortisation) margin decreased to 72% (2007: 81%) following the consolidation of SpeedCast, a company that operates businesses with relatively thin margins.

### **Cashflow**

During the period, the Group generated a net cash outflow of HK\$44 million (2007: inflow of HK\$105 million) after paying capital expenditure of HK\$239 million (2007: HK\$162 million) and dividends of HK\$121 million (2007: HK\$106 million). As at 30 June 2008, the Group reported a cash balance of HK\$2,245 million (31 December 2007: HK\$2,288 million). The Group continues to be debt free.

### **Dividend**

The Board has resolved to pay an interim dividend of HK\$0.08 per share (2007: HK\$0.08), the same as last year. The interim dividend is payable on or about 6 November 2008 to equity holders on the share register as of 10 October 2008. The share register will be closed from 3 to 10 October 2008, both days inclusive.

### **Corporate Developments**

As set out in the 2007 Annual Report, we announced in January 2008 our intention to voluntarily delist our American Depositary Shares ("ADSs") from the New York Stock Exchange ("NYSE") as the benefits did not justify the costs. The delisting became effective on 28 January 2008. Despite this, the Company remains registered under Section 12(g) of the Exchange Act with the U.S. Securities and Exchange Commission ("SEC") and is still subject to the periodic disclosure requirements of the Exchange Act. This will continue to be the case until the Company is deregistered from the SEC. Once the Company meets the requirements for deregistration, we intend to file an application for such deregistration.

### **Operations Review**

#### **TWO NEW SATELLITES**

##### **AsiaSat 5**

Our new satellite, AsiaSat 5, is currently under construction in the United States. In addition, I am pleased to advise Shareholders that the Board has authorised management to proceed with the planning for another new satellite, AsiaSat 6.

AsiaSat 5 will replace AsiaSat 2 at the orbital location of 100.5°E while AsiaSat 6 is planned for the replacement of AsiaSat 3S in due course. The commencement of AsiaSat 6 serves another purpose. It is the Company's practice to build into each satellite replacement programme sufficient time to re-build and re-launch a second satellite in the event of a launch failure before the one it is to replace needs to be retired. The commencement of AsiaSat 6 at this stage will provide customers with that added security and certainty of uninterrupted service in the event of an AsiaSat 5 launch failure.

Shareholders will recall that the Group was advised in the second half of 2007 of a delay in the launch vehicle availability and that by March this year that date had reverted to one closer to the original schedule. This timing is still subject to change as the delivery of the launch vehicle hardware remains unconfirmed. Taking these variables into consideration, the current estimate for the launch of AsiaSat 5 from the Baikonur Space Centre in Kazakhstan, is June 2009.

### **AsiaSat 6**

As noted above, we have resolved to proceed with the planning for a second new satellite that will replace AsiaSat 3S. As we have only recently embarked upon this plan, it is too early to provide a meaningful report at this stage. However, this is an exciting step for the Company and we shall keep the Shareholders apprised of progress.

### **IN-ORBIT SATELLITES**

During the first six months of 2008, AsiaSat's three in-orbit satellites operated well and continued to deliver excellent service to our customers.

The Group's fleet comprises AsiaSat 2, AsiaSat 3S, and AsiaSat 4, which are located in geostationary positions over the Asian landmass and provide a platform for one of the largest television audiences in the world. This presents AsiaSat customers with unparalleled coverage across two-thirds of the world's population.

AsiaSat 2 was launched in November 1995 and is positioned at 100.5°E. This satellite carries a payload of 24 C-band and 9 Ku-band transponders and its overall utilisation rate as at 30 June 2008 was 50% (31 December 2007: 44%).

AsiaSat 3S was launched in March 1999 and is positioned at 105.5°E. This satellite carries a payload of 28 C-band and 16 Ku-band transponders and its overall utilisation rate as at 30 June 2008 was 62% (31 December 2007: 62%).

AsiaSat 4 was launched in April 2003 and is positioned at 122°E. This satellite carries 28 C-band and 20 Ku-band transponders including four Hong Kong BSS (broadcast satellite service) transponders. Its overall utilisation rate as at 30 June 2008 was 49% (31 December 2007: 40%).

The total number of transponders on the Company's satellites leased and sold as at 30 June 2008 was 67 (31 December 2007: 61) with an overall utilisation rate of 53% (31 December 2007: 49%). This figure includes the four BSS transponders provided for our DTH (direct-to-home) service.

### **CONTRACTS WITH CUSTOMERS**

In the first six months of 2008, a number of new contracts were secured to the total value of HK\$319 million (2007: HK\$117 million) and renewed contracts were valued at HK\$355 million (2007: HK\$153 million). Together, these amounted to HK\$674 million (2007: HK\$270 million). The substantial increase came primarily from a new contract with an Indian customer and renewals of a number of existing major contracts. During the current period, there was also a very significant growth in business from occasional users. This growth was driven largely by bookings from broadcasters of the Beijing Olympic Games.

## **MARKET REVIEW**

There continues to be an excess of transponder capacity in the region despite the improvement in market conditions, but we are currently seeing a gradual recovery of the market. Demand is particularly strong from the broadcast sector as a result of the increased use of satellites to distribute content to the growing number of pay-TV platforms in Asia. These new platforms need additional content and better viewing quality by using digital or High Definition Television (HDTV) to differentiate themselves in highly competitive markets. This is encouraging for AsiaSat.

The development of HDTV in Asia is the most exciting new technology with the greatest potential for the Group. While the region lags behind the United States and Europe, progress has been advanced somewhat by the demands of broadcasters covering the Olympics.

It is also encouraging that the industry has made a universal decision on the Blue-ray standard system for High Definition DVDs and this will enable consumers to commit to buying HDTV equipment without the fear of investing in a redundant system.

New television channels continue to be launched in Asia and this is also driving market growth in this region. We believe that in many countries, the introduction of new distribution methods, including Direct-to-Home (DTH) satellite television and Internet Protocol Television (IPTV) delivered by the terrestrial broadband network, is triggering this expansion.

As noted above, activity is particularly strong in India and this is evidenced by the new contracts we have secured and by the significant growth in the number of customers from that country. Today, AsiaSat serves over 100 broadcasters, delivering some 300 television channels across the Asia-Pacific region.

As we have seen at the time of the Asian tsunami and the more recent earthquake in China, satellites have inherent communication advantages over land-based systems. In addition, AsiaSat is well positioned to broadcast to Asia's wide-spread and remote areas at a time when governments in the region's developing countries seek to improve the quality of life for their people, including those in the most inaccessible parts. Mobile phone and internet backbone connections are leading this march.

## **Business Development**

### **SUBSIDIARIES**

#### **SpeedCast**

SpeedCast Holdings Limited ("SpeedCast"), a wholly-owned subsidiary of AsiaSat, provides two-way very small aperture terminal ("VSAT") services and broadband backbone access to customers in countries across Asia and beyond.

For the first six months of 2008, the turnover of SpeedCast was HK\$55 million (2007: HK\$48 million), an increase of 15%. The company incurred a loss of HK\$2 million (2007: HK\$1.5 million loss).

#### **Skywave**

Our subsidiary, Skywave TV Limited ("Skywave"), is 80% held by the Company and is engaged with its partners in developing a low-cost DTH platform to serve the markets of Hong Kong, Macau, Taiwan and Southern China.

Launched in 2005, Skywave currently offers 35 programmes branded under 'family favourites', 'premium movies' and 'premium sports'. As the company is operating in a highly restricted market, its business is static and is expected to remain so for the foreseeable future. In the first half of this year, Skywave incurred a loss of HK\$2.4 million (2007: HK\$2.4 million), of which our share was approximately HK\$1.9 million.

## **Auspicious Colour Limited**

Auspicious Colour Limited (“Auspicious Colour”); a wholly-owned subsidiary of the Company holds a Non-domestic Television Programme Service Licence in Hong Kong. In order to expand our service offering, we have installed a Multiple Channels per carrier (MCPC) platform on both AsiaSat 2 and AsiaSat 3S. These platforms offer our customers access to our satellites in a more efficient and cost effective manner by obviating the need for them to set up their own platform or contract separate uplink services. Through this licence, held by Auspicious Colour, the Company offers a one-stop solution that combines the provision of satellite capacity and uplink services to broadcasters.

## **ASSOCIATE COMPANIES**

### **Beijing Asia**

Beijing AsiaSky Telecommunications Technology Company Limited (“Beijing Asia”), in which the Company holds a 49% interest, is a joint venture operating in China. Beijing Asia provides satellite-based telecommunications network consultancy and technical support to customers in China. The investment was fully provided for in the second half of 2007 because of unsatisfactory performance and an uncertain long-term outlook for the business. The company continued to incur a loss in the first six months this year.

## **Outlook**

The market improvement and the Group’s continued stronger performance in the early months of 2008 have been encouraging. They were in contrast to the inactive markets of the prior few years, and our commitment to customer services and relationships through that difficult period is now paying off.

As we progress through 2008, we shall remain vigilant as the world economies face a period of uncertainty, and we may not be sheltered from it. These conditions, however, may also present acquisition opportunities in the region and we shall be watchful for any such initiatives that could add value to AsiaSat.

The year so far is encouraging; we are the market leader in Asia, are financially robust and are debt-free, and business is positive. We remain totally committed to the future of satellite communication in the Asia-Pacific region and as markets strengthen, we are well prepared for the future.

## **Directors and Senior Management**

In March this year we announced the appointment of Mr. Roger Tong, as General Manager Engineering. He succeeds Mr. Barry Turner, who retired from AsiaSat at the end of 2007. Mr. Tong will lead the engineering team’s expanded efforts in spacecraft and ground network development, spectrum management and planning. We thank Mr. Turner for his contribution and welcome Mr. Tong to the Company.

MI Zeng Xin  
Chairman  
Hong Kong, 15 August 2008

## CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 June 2008

	Note	Unaudited Six months ended 30 June	
		2008	2007
		HK\$'000	HK\$'000
Sales	4	487,407	461,286
Cost of services	5	(210,831)	(197,635)
<b>Gross profit</b>		<b>276,576</b>	263,651
Other gains (net)	5	35,075	53,448
Administrative expenses	5	(77,288)	(39,834)
<b>Operating profit</b>		<b>234,363</b>	277,265
Finance costs		(59)	(44)
Share of loss of associates		-	(848)
<b>Profit before income tax</b>		<b>234,304</b>	276,373
Income tax expense	6	(10,901)	(29,825)
<b>Profit for the half-year</b>		<b>223,403</b>	246,548
 <b>Attributable to:</b>			
- equity holders of the Company		223,872	246,933
- minority interests		(469)	(385)
		<b>223,403</b>	246,548
		<b>HK\$ per share</b>	<b>HK\$ per share</b>
 <b>Earnings per share for profit attributable to the equity holders of the Company, expressed in HK\$ per share</b>			
- basic	7	<b>0.57</b>	0.63
- diluted	7	<b>0.57</b>	0.63
 <b>Interim dividend</b>		<b>31,296</b>	31,296

Note 1 to note 7 form an integral part of these condensed consolidated interim financial statements.

## CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	As at	
	30 June 2008 Unaudited HK\$'000	31 December 2007 Audited HK\$'000
	Note	
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	2,772,572	2,677,951
Leasehold land and land use rights	22,741	23,032
Intangible assets	40,001	40,082
Unbilled receivable	150,900	156,135
Amount paid to tax authority	190,630	167,291
<b>Total non-current assets</b>	<b>3,176,844</b>	<b>3,064,491</b>
<b>Current assets</b>		
Inventories	4,035	3,650
Trade and other receivables	221,150	183,431
Cash and cash equivalents	2,244,713	2,288,433
<b>Total current assets</b>	<b>2,469,898</b>	<b>2,475,514</b>
<b>Total assets</b>	<b>5,646,742</b>	<b>5,540,005</b>
<b>EQUITY</b>		
<b>Capital and reserves attributable to equity holders of the Company</b>		
Ordinary shares	39,120	39,120
Reserves		
Retained earnings	4,847,155	4,744,458
Other reserves	11,354	19,269
	<b>4,897,629</b>	<b>4,802,847</b>
<b>Minority interests</b>	<b>3,672</b>	<b>4,141</b>
<b>Total equity</b>	<b>4,901,301</b>	<b>4,806,988</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred income tax liabilities	174,142	189,048
Deferred revenue	109,905	118,211
Obligations under finance leases	104	104
Other payables	1,692	-
<b>Total non-current liabilities</b>	<b>285,843</b>	<b>307,363</b>
<b>Current liabilities</b>		
Construction payables	77,128	70,238
Other payables and accrued expenses	110,624	112,115
Deferred revenue	175,334	153,417
Obligations under finance leases	51	101
Current income tax liabilities	96,340	89,662
Dividend payable	121	121
<b>Total current liabilities</b>	<b>459,598</b>	<b>425,654</b>
<b>Total liabilities</b>	<b>745,441</b>	<b>733,017</b>
<b>Total equity and liabilities</b>	<b>5,646,742</b>	<b>5,540,005</b>
<b>Net current assets</b>	<b>2,010,300</b>	<b>2,049,860</b>
<b>Total assets less current liabilities</b>	<b>5,187,144</b>	<b>5,114,351</b>

Note 1 to note 7 form an integral part of these condensed consolidated interim financial statements.

## Notes

### 1. Independent review

The interim results for the six months ended 30 June 2008 are unaudited but have been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), by PricewaterhouseCoopers, whose unmodified review report is included in the interim report to be sent to equity holders.

### 2. Basis of preparation

These condensed consolidated interim financial statements for the half-year ended 30 June 2008 has been prepared in accordance with the Hong Kong Accounting Standard (the "HKAS") 34, 'Interim financial reporting'. The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2007.

### 3. Accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2007.

The following new standards, amendments to standards and interpretations are mandatory for financial year ending 31 December 2008.

- HK(IFRIC) – Int 11, 'HKFRS 2 - Group and Treasury Share Transactions', effective for annual periods beginning on or after 1 March 2007. This interpretation has been adopted by the Group;
- HK(IFRIC) – Int 12, 'Service Concession Arrangement', effective for annual periods beginning on or after 1 January 2008. This interpretation is not relevant to the Group; and
- HK(IFRIC) – Int 14, 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction', effective for annual periods beginning on or after 1 January 2008. This interpretation is not relevant to the Group.

The following new standards, amendments to standards and interpretations have been issued but are not effective for 2008 and have not been early adopted:

- HKAS 1 (Revised), 'Presentation of Financial Statements', effective for annual periods beginning on or after 1 January 2009;
- HKAS 23 (Revised), 'Borrowing Costs', effective for annual periods beginning on or after 1 January 2009;
- HKAS 27 (Revised), 'Consolidation and Separate Financial Statements', effective for annual periods beginning on or after 1 July 2009;
- HKAS 32 and HKAS 1 (Amendments), 'Puttable Financial Instruments and Obligations Arising on Liquidation', effective for annual periods beginning on or after 1 January 2009;
- HKFRS 2 (Amendments), 'Vesting Conditions and Cancellations', effective for annual periods beginning on or after 1 January 2009;
- HKFRS 3 (Revised), 'Business Combinations', effective for annual periods beginning on or after 1 July 2009;
- HKFRS 8, 'Operating Segments', effective for annual periods beginning on or after 1 January 2009; and
- HK(IFRIC) – Int 13, 'Customer Loyalty Programmes', effective for annual periods beginning on or after 1 July 2008.

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

### 4. Sales and segment information

#### a) Sales:

The Group's sales is analysed as follows:

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Income from provision of satellite transponder capacity		
- recurring	415,496	438,262
- non-recurring	1,425	8,190
Sales of satellite transponder capacity	12,246	12,246
Income from provision of broadband access service and sale of equipment	55,234	-
Other revenue	3,006	2,588
	<b>487,407</b>	<b>461,286</b>

## Notes

### 4. Sales and segment information (continued)

#### b) Segment Information:

##### i) Business segments

For the period ended 30 June 2007, the Group had one business segment which was the provision of satellite telecommunication systems for broadcasting and telecommunication. The Group has chosen geographical segment as the primary reporting format under HKAS 14 "Segment Reporting".

The Group acquired a subsidiary which is primarily engaged in the provision of broadband access services in the second half of 2007. Accordingly, the Group has changed the primary reporting segments and selected business segment as the primary report format to align with its internal reporting structure.

The Group had the following two business segments:

- the operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunications; and
- provision of broadband access services.

The segment results for the six months ended 30 June are as follows:

	2008			
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK\$'000	Broadband access services HK\$'000	Intersegment elimination HK\$'000	Consolidated HK\$'000
Sales from external customers	429,167	55,234	-	484,401
Inter-segment sales	21,970	-	(21,970)	-
Other revenue	3,212	-	(206)	3,006
<b>Total</b>	<b>454,349</b>	<b>55,234</b>	<b>(22,176)</b>	<b>487,407</b>
Segment results	236,326	(1,963)	-	234,363
Finance costs	(22)	(37)	-	(59)
Profit before income tax	236,304	(2,000)	-	234,304
Income tax expenses	(10,901)	-	-	(10,901)
<b>Profit for the half-year</b>	<b>225,403</b>	<b>(2,000)</b>	<b>-</b>	<b>223,403</b>
Attributable to :				
- equity holders of the Company	225,872	(2,000)	-	223,872
- minority interests	(469)	-	-	(469)
	<b>225,403</b>	<b>(2,000)</b>	<b>-</b>	<b>223,403</b>
Assets	5,602,128	44,614	-	5,646,742
Liabilities	713,279	32,162	-	745,441
Capital Expenditure	241,789	4,838	-	246,627
Depreciation and amortisation	148,400	3,625	-	152,025

Notes

4. Sales and segment information (continued)

b) Segment Information (continued):

i) Business segments (continued)

	2007			Consolidated HK\$'000
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK\$'000	Broadband access services HK\$'000	Intersegment elimination HK\$'000	
Sales from external customers	458,698	-	-	458,698
Other revenue	2,588	-	-	2,588
<b>Total</b>	<b>461,286</b>	<b>-</b>	<b>-</b>	<b>461,286</b>
Segment results	277,265	-	-	277,265
Finance costs	(44)	-	-	(44)
Share of losses of associates	(848)	-	-	(848)
Profit before income tax	276,373	-	-	276,373
Income tax expenses	(29,825)	-	-	(29,825)
<b>Profit for the half-year</b>	<b>246,548</b>	<b>-</b>	<b>-</b>	<b>246,548</b>
Attributable to :				
- equity holders of the Company	246,933	-	-	246,933
- minority interests	(385)	-	-	(385)
	<b>246,548</b>	<b>-</b>	<b>-</b>	<b>246,548</b>
Assets	5,273,151	-	-	5,273,151
Liabilities	692,328	-	-	692,328
Capital Expenditure	200,228	-	-	200,228
Depreciation and amortisation	148,600	-	-	148,600

ii) Geographical segments

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.

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Hong Kong	128,274	167,455
China	62,217	93,756
United States of America	34,335	35,597
United Kingdom	23,319	26,662
Australia	34,079	23,308
Others	205,183	114,508
<b>Total</b>	<b>487,407</b>	<b>461,286</b>

## Notes

### 5. Operating profit

The following items have been credited/charged to the operating profit during the interim period:

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Interest income	35,110	53,234
(Loss)/Gain on disposal of property, plant and equipment other than transponders	(35)	214
	<u>35,075</u>	<u>53,448</u>
Salary and other benefits, including directors' remuneration	55,331	34,325
Contributions to retirement benefits schemes	2,852	2,367
Total staff costs	<u>58,183</u>	<u>36,692</u>
Auditors' remuneration	803	567
Depreciation, amortisation and impairment expenses		
- Intangible assets - Licences	81	80
- Property, plant and equipment	151,944	148,520
Operating leases		
- premises	2,970	2,205
- leasehold land & land use rights	291	292
Net exchange gain	<u>2,706</u>	<u>1,290</u>

### 6. 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 profit tax.

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profit for the period.

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 overseas jurisdictions.

	Six months ended 30 June	
	2008 HK\$'000	2007 HK\$'000
Current income tax		
- Hong Kong profits tax	21,537	25,003
- Overseas taxation	4,270	9,411
Deferred income tax reversal	(14,906)	(4,589)
	<u>10,901</u>	<u>29,825</u>

The Group currently has a tax case in dispute with the Indian tax authorities.

## Notes

### 7. Earnings per share

#### Basic

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

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	<u>223,872</u>	<u>246,933</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	<u>390,957</u>	<u>390,547</u>
Basic earnings per share (HK\$ per share)	<u>0.57</u>	<u>0.63</u>

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held under the share award scheme.

#### Diluted

	Six months ended 30 June	
	2008	2007
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	<u>223,872</u>	<u>246,933</u>
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	<u>390,957</u>	<u>390,547</u>
Effect of share options (in thousands)	-	328
Effect of unvested awarded shares (in thousands)	<u>234</u>	-
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	<u>391,191</u>	<u>390,875</u>
Diluted earnings per share (HK\$ per share)	<u>0.57</u>	<u>0.63</u>

#### Notes to Editor

Asia Satellite Telecommunications Company Limited (AsiaSat), the leading regional satellite operator in Asia, serves over two-thirds of the world's population with its three satellites, AsiaSat 2 at 100.5°E, AsiaSat 3S at 105.5°E and AsiaSat 4 at 122°E. The AsiaSat satellite system provides services to both the broadcast and telecommunications industries. Some 300 television channels are now delivered by the Company's satellites, reaching over 96 million households, with more than 360 million viewers across the Asia Pacific region. Many telecommunications customers use AsiaSat for services such as public telephone networks, private VSAT networks and high speed Internet and multimedia services. It is a wholly-owned subsidiary of Asia Satellite Telecommunications Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited. For more information, please visit [www.asiasat.com](http://www.asiasat.com)

#### Disclaimer

Statements in this press release are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. The Reform Act provides a "safe harbour" for certain forward-looking statements so long as this information is identified as forward-looking and is accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the information. When used in this press release, the words "estimate", "plan", "project", "anticipate", "expect", "intend", "outlook", and other similar expressions are intended to identify forward-looking statements and information. Actual results may differ materially from anticipated results as a result of certain risks and uncertainties which are more specifically set forth in AsiaSat's Annual Report on Form 20-F for the year ended 31 December, 2007 on file with the U.S. Securities and Exchange Commission. These risks and uncertainties include but are not limited to (1) risks associated with technology, including delayed launches, launch failures and in-orbit failures, (2) regulatory risks, and (3) litigation and market risks. The foregoing list of important factors is not exclusive. Furthermore, AsiaSat operates in an industry sector where securities values may be volatile and may be influenced by economic and other factors beyond AsiaSat's control.