



## ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED ANNOUNCEMENT OF ANNUAL RESULTS

### FOR THE YEAR TO 31 DECEMBER 2008

**Hong Kong, 19 March 2009** -- Asia Satellite Telecommunications Holdings Limited ('AsiaSat' - SEHK: 1135), Asia's leading satellite operator, today announces its 2008 annual results for the year to 31 December 2008.

#### OPTIMISM IN TURBULENT TIMES

##### Financial Summary:

			<b>Excluding One-Time Receipts</b>	
• Turnover	HK\$1,031,697,000	+9.8%	HK\$1,026,762,000	+10.7%
• Profit attributable to equity holders	HK\$484,887,000	-3.7%	HK\$479,952,000	-2.4%
• Earnings per share	HK\$1.24	-3.9%	HK\$1.23	-2.4%
• Proposed final dividend per share	HK\$0.31	no change		
• Debt free				

##### Operational Highlights:

- Number of transponders leased up 25%
- Overall utilisation rate increased to 60%
- AsiaSat 5, AsiaSat 2's replacement, scheduled for launch in Q3 2009
- Construction plan of AsiaSat 6 under review
- SpeedCast maintained steady revenue growth

AsiaSat's Chairman, Mi Zeng Xin, said, "Our 20th anniversary year saw the Group's performance strengthen in line with a more dynamic Asian satellite market, as reflected in our increased transponder utilisation rates and a steady flow of new contracts. This took place in the context of a global economic slowdown that has created a great deal of uncertainty for 2009. Looking forward, however, we believe that the fundamental growth drivers of the Asian satellite industry remain solid. AsiaSat is a market leader in the Asia Pacific region, remains financially strong and free of debt, and continues to set industry benchmarks for customer services, operating standards and management expertise."

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# **ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

*Stock Code: 1135*

## **Final Results for the financial year ended 31 December 2008**

### **Chairman's Statement**

#### **Optimism in Turbulent Times**

##### **Turnover increases despite downturn**

In 2008, we celebrated AsiaSat's 20th anniversary amid a challenging economic environment for Asia and the rest of the world. Despite the current downturn, however, I am pleased to inform you that we have been able to maintain our core profits with only a very marginal decrease in overall profit and we remain optimistic about the future of AsiaSat.

Our core business continued to improve in 2008, leading to a steady increase in turnover. Revenue from transponders leased to customers increased, along with utilisation levels. However, the global economic crisis and downturn have negatively affected our bottom line. We have experienced both a significant decrease in interest income and increased problems with debt collection, hence profit before income tax did not rise in line with the increased revenue.

No company will be wholly unaffected by the global economic crisis, and it is by no means clear what further developments are in store. From this vantage point, we anticipate that 2009 will be a challenging year for the whole industry in Asia with a continuing surplus of transponder capacity in the region.

As we mark 20 years of AsiaSat, we feel confident that the launch of our next generation of satellites, AsiaSat 5 and AsiaSat 6, backed by a strong balance sheet and world-class management, will provide a firm foundation for the next 20 years of providing superior service to customers in Asia and beyond.

#### **Financial Results**

##### **Turnover**

Turnover for the year ended 31 December 2008 was HK\$1,032 million (2007: HK\$939 million), an increase of 10%. This was primarily driven by an increase in transponders leased and the inclusion of SpeedCast Holdings Limited's ("SpeedCast's") full-year revenue of 2008, since SpeedCast became a wholly-owned subsidiary of AsiaSat in the second half of 2007.

##### **Profit**

The profit attributable to equity holders for 2008 was HK\$485 million (2007: HK\$503 million), a decline of 4%. A 39% drop in interest income earned from bank deposits and increased problems with debt collection affected the profit before taxation with the result that it did not grow in line with the increased turnover.

##### **Operating Expenses**

In 2008, operating expenses amounted to HK\$275 million (2007: HK\$182 million). The substantial increase primarily resulted from the consolidation of SpeedCast's full-year expenses and also the increase in the provision for impairment of trade debtors.

## **Depreciation**

Depreciation in 2008 was HK\$304 million (2007: HK\$299 million). The increase was mainly attributable to the inclusion of SpeedCast's full-year depreciation, since it became a wholly-owned subsidiary of AsiaSat in the second half of 2007.

## **Cash Flow**

In 2008, the Group generated a net cash inflow of HK\$157 million (2007: HK\$309 million); after capital expenditure of HK\$366 million (2007: HK\$261 million) and dividends of HK\$152 million (2007: HK\$137 million). At the end of 2008, the Group's cash balance stood at HK\$2,445 million (2007: HK\$2,288 million). The Group continues to be debt free.

## **Dividend**

At the forthcoming Annual General Meeting ("AGM") to be held on 21 May 2009, directors of the Company ("Directors") will recommend a final dividend of HK\$0.31 per share (2007: HK\$0.31 per share). This, together with the interim dividend of HK\$0.08 per share (2007: HK\$0.08 per share), gives a total dividend of HK\$0.39 per share in 2008 (2007: HK\$0.39 per share). The register of members of the Company will be closed from Thursday, 14 May 2009 to Thursday, 21 May 2009 (both days inclusive), during which period no transfer of shares in the Company will be affected.

## **BUSINESS REVIEW**

### **New satellites**

#### **AsiaSat 5**

The construction of our new satellite, AsiaSat 5, which is to replace AsiaSat 2 at the orbital location of 100.5°E, is progressing according to plan. When scheduling a launch date for a replacement satellite such as AsiaSat 5, it is the Company's policy to mitigate the risk of a possible launch failure by allowing enough time to build and launch a replacement satellite before the retirement date of the satellite being replaced. To this end, following further notice from Sea Launch, the launch provider, on delays in the availability of the Land Launch vehicle, we have entered into an agreement with ILS International Launch Services, Inc ("ILS"), another launch provider, to launch AsiaSat 5 on a Proton launch vehicle from the Baikonur Cosmodrome in the Republic of Kazakhstan in the third quarter of 2009.

The construction of AsiaSat 6, initially intended to replace AsiaSat 3S, can also act as a backup for AsiaSat 5 in the event of a launch failure.

#### **AsiaSat 6**

As noted above, AsiaSat 6 is intended to replace AsiaSat 3S, but also provides customers with additional reassurance that service will be uninterrupted in the event of a launch failure of AsiaSat 5. The Board is still reviewing the construction plan of AsiaSat 6 and will keep the Shareholders apprised of the progress.

### **In-orbit satellites**

The Group's three in-orbit satellites, AsiaSat 2, AsiaSat 3S and AsiaSat 4, continued to deliver an excellent standard of service to our customers throughout 2008. As indicated above, the number of transponders leased increased by 25% from the prior year end, including four Broadcast Satellite Service ("BSS") transponders leased to Skywave TV Company Limited ("Skywave") for its Direct to Home ("DTH") services. Utilisation rates increased from 49% to 60%. These increases are mainly attributable to new customers on AsiaSat 4. Once again, the superior service quality we are able to provide through our Tai Po Earth Station and backup support provided by our leased Stanley station have contributed significantly in this growth.

## **Transponder master agreement with CITIC Group**

Since the promulgation of the Telecommunication Ordinance of the People's Republic of China ("PRC") in 2000, the Group had been in discussion with the Ministry of Industry and Information Technology of the PRC concerning the licence for operating satellite transponder capacity services in China. On 5 January 2009, a transponder master agreement signed among Asia Satellite Telecommunications Company Limited ("AsiaSat", an indirectly wholly-owned subsidiary of the Company), CITIC Networks Co., Ltd. ("CITIC Networks", a wholly-owned subsidiary of CITIC Group), and CITIC Networks Co., Ltd Beijing Satellite Telecommunications Branch ("CITICSat", the branch established and run by CITIC Networks) was approved by the independent shareholders. Under the agreement, CITIC Networks and CITICSat granted AsiaSat the right to provide transponder capacity for use by their customers.

The agreement enables AsiaSat to benefit from the extensive and established business networks of both CITIC Group and CITIC Networks as it further explores business opportunities in China.

## **SpeedCast**

SpeedCast, which became a wholly-owned subsidiary of AsiaSat in 2007, provides two-way satellite services including broadband access services to customers in countries across Asia and beyond.

SpeedCast's turnover for the year ended 31 December 2008 was HK\$118 million (2007: HK\$105 million). The company recorded a net profit of HK\$0.7 million for the year (2007: net loss of HK\$4.8 million). This was mainly attributable to the growth in revenue from the two-way broadband access business.

## **Skywave**

Skywave is an 80%-owned subsidiary of AsiaSat operating a low cost regional DTH service for Hong Kong, Macau, Taiwan and surrounding areas. Skywave offers 34 programmes under its family, premium movies and premium sports brands.

Skywave's business remained static in 2008, and is expected to do so for the foreseeable future, on account of the highly restricted market in which it operates. In 2008, Skywave incurred a loss of HK\$4.8 million (2007: HK\$4.9 million), of which the Group's share was HK\$3.8 million (2007: HK\$3.9 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.

## **COMPLIANCE**

In 2008, we successfully delisted from the New York Stock Exchange and have now applied to deregister from the U.S. Securities and Exchange Commission ("SEC"). Going forward, we will continue to maintain rigorous standards of corporate governance, without incurring the costs associated with the SEC's reporting requirements.

## **OUTLOOK**

Our 20th anniversary year saw the Group's performance strengthen in line with a more dynamic Asian satellite market, as reflected in our increased transponder utilisation rates and a steady flow of new contracts. This took place, however, in the context of a credit crisis and subsequent global economic slowdown that have created a great deal of uncertainty for 2009 – especially as it is now beyond doubt that future growth in Asian economies will also be significantly affected.

Recessions have historically been slow to reach the satellite industry, and have made less impact when they do arrive than in other sectors. The impact is mitigated in part by the often counter-cyclical nature of the home entertainment industry. The global economic crisis will of course continue to be a challenge for us and our customers. However, we believe that the fundamental growth drivers of the Asian satellite industry remain solid despite the downturn.

This growth will be driven in the long-term by the intrinsic technological advantages that satellites hold over terrestrial systems in supporting television distribution services and multi-site low data rate or private telecommunications networks in remote locations, and the opening up of the region's television, internet and mobile telephony markets to increased competition across multiple platforms. In the medium-term, we see ongoing growth potential in High Definition ("HD") television technology, Internet Protocol Television ("IPTV"), video-to-mobile and DTH services, as well as in mobile and internet connectivity in rural areas.

While the economic downturn has presented challenges to our bottom line, we are greatly encouraged by the topline growth we have experienced in 2008. This growth in turnover is a testament to the continued loyalty of our blue chip customers and to the growing number of new customers choosing to take advantage of our reliable, high-quality services.

AsiaSat is a market leader in the Asia Pacific region, remains financially strong and free of debt, and continues to set industry benchmarks for customer services, operating standards and management expertise. Our continuing focus on cost control has served us well in the past and will continue to do so in the future. Growth opportunities are likely to be limited in the coming year, but our strong, debt-free balance sheet puts us in a strong position to take advantage of those that do appear.

## **DIRECTORS AND SENIOR MANAGEMENT**

I would like to welcome Mr. Sherwood P. DODGE and Mr. GUAN Yi who joined the Board on 6 February 2009. I would also like to express my sincere thanks to Mr. Ronald J. HERMAN, Jr. and Mr. KO Fai Wong for their past years' services in the Board.

Additionally, I would also like to welcome Mr ZHANG Hai Ming who joined the Company as General Manager, China in August 2008.

On behalf of our Shareholders and my fellow Directors, I wish to express our sincere gratitude to all staff for their dedication and contribution throughout 2008.

**MI Zeng Xin**  
*Chairman*

Hong Kong, 19 March 2009

**2008 Audited Results**  
**CONSOLIDATED INCOME STATEMENT**

	Note	Year ended 31 December	
		2008 HK\$'000	2007 HK\$'000
Sales	2	1,031,697	939,273
Cost of services		(420,919)	(403,067)
<b>Gross profit</b>		<b>610,778</b>	<b>536,206</b>
Other gains - net		68,076	109,456
Administrative expenses		(158,173)	(77,671)
<b>Operating profit</b>	3	<b>520,681</b>	<b>567,991</b>
Finance costs		(114)	(45)
Share of losses of associates		-	(11,078)
<b>Profit before income tax</b>		<b>520,567</b>	<b>556,868</b>
Income tax expense	4	(36,609)	(53,953)
<b>Profit for the year</b>		<b>483,958</b>	<b>502,915</b>
<b>Attributable to:</b>			
- equity holders of the Company		484,887	503,397
- minority interests		(929)	(482)
		<b>483,958</b>	<b>502,915</b>
<b>Earnings per share for profit attributable to the equity holders of the Company during the year</b> (expressed in HK\$ per share)			
- basic	5	1.24	1.29
- diluted	5	1.24	1.29
<b>Dividends</b>	6	<b>152,566</b>	<b>152,566</b>

## CONSOLIDATED BALANCE SHEET

	Note	As at 31 December	
		2008 HK\$'000	2007 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		2,681,287	2,677,951
Leasehold land and land use rights		22,449	23,032
Intangible assets		39,921	40,082
Unbilled receivable		146,694	156,135
Amount paid to tax authority		204,810	167,291
<b>Total non-current assets</b>		<b>3,095,161</b>	<b>3,064,491</b>
<b>Current assets</b>			
Inventories		2,767	3,650
Trade and other receivables		234,614	183,431
Cash and cash equivalents		2,445,471	2,288,433
<b>Total current assets</b>		<b>2,682,852</b>	<b>2,475,514</b>
<b>Total assets</b>		<b>5,778,013</b>	<b>5,540,005</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Ordinary shares		39,120	39,120
<b>Reserves</b>			
- Retained earnings		4,955,659	4,623,187
- Proposed final dividend		121,271	121,271
- Other reserves		12,481	19,269
		<b>5,128,531</b>	<b>4,802,847</b>
Minority interests		3,212	4,141
<b>Total equity</b>		<b>5,131,743</b>	<b>4,806,988</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		172,631	189,048
Deferred revenue		102,179	118,211
Obligations under finance leases		17	104
Other payables		1,910	-
<b>Total non-current liabilities</b>		<b>276,737</b>	<b>307,363</b>
<b>Current liabilities</b>			
Construction payables		9,634	70,238
Other payables and accrued expenses		119,452	112,115
Deferred revenue		149,601	153,417
Obligations under finance leases		87	101
Current income tax liabilities		90,638	89,662
Dividend payable		121	121
<b>Total current liabilities</b>		<b>369,533</b>	<b>425,654</b>
<b>Total liabilities</b>		<b>646,270</b>	<b>733,017</b>
<b>Total equity and liabilities</b>		<b>5,778,013</b>	<b>5,540,005</b>
<b>Net current assets</b>		<b>2,313,319</b>	<b>2,049,860</b>
<b>Total assets less current liabilities</b>		<b>5,408,480</b>	<b>5,114,351</b>

## Notes:

### 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.

#### ***New standards and amendments to published standards***

The following are the new standards, amendments and interpretations from the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for financial year ended 31 December 2008:

- HKAS 39, ‘Financial instruments: Recognition and measurement’ and the related amendment to HKFRS 7, ‘Financial instruments: Disclosures’ are effective prospectively from 1 July 2008. These amendments do not have any impact on the Group’s financial statements, as the Group has not reclassified any financial assets.
- HK(IFRIC)-Int 11 – ‘HKFRS 2 – Group and Treasury Share Transactions’ provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent’s shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone accounts of the parent and group companies. This interpretation is effective for annual periods beginning on or after 1 March 2007 and has been adopted by the Group.
- HK(IFRIC)-Int 12 – ‘Service Concession Arrangements’ is effective for annual periods beginning on or after 1 January 2008. This interpretation is not relevant to the Group.
- HK(IFRIC)-Int 14 – HKAS 19 – ‘The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction’ is effective for annual periods beginning on or after 1 January 2008. This interpretation is not relevant to the Group.

The following new standards, amendments and interpretations have been issued as of 31 October 2008 or later periods but are not yet effective for HKFRS financial statements for the year ended 31 December 2008:

	<b>Application date</b>
• HKAS 1 (Revised) – Presentation of Financial Statements	1 January 2009
• HKAS 23 (Revised) – Borrowing Costs	1 January 2009
• HKAS 27 (Revised) – Consolidated and Separate Financial Statements	1 July 2009
• HKAS 32 (Amendment) and HKAS 1 (Amendment) – Puttable Financial Instruments and Obligations Arising on Liquidation	1 January 2009
• HKAS 39 (Amendment) – Financial Instruments: Recognition and Measurement – Eligible hedged items	1 July 2009
• Amendments to HKFRS 1 - First-time adoption of HKFRS and HKAS 27 – Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	1 July 2009
• HKFRS 2 (Amendment) – Share-based Payment Vesting Conditions and Cancellations	1 January 2009
• HKFRS 3 (Revised) – Business Combination	1 July 2009
• HKFRS 8 – Operating Segments	1 January 2009
• HK(IFRIC) – Int 13 – Customer Loyalty Programmes	1 July 2008
• HK(IFRIC) – Int 15 – Agreements for the Construction of Real Estate	1 January 2009
• HK(IFRIC) – Int 16 – Hedges of a Net Investment in a Foreign operation	1 October 2008
• HK(IFRIC) – Int 17 – Distributions of Non-cash Assets to Owners	1 July 2009
• HK(IFRIC) – Int 18 – Transfers of Assets from Customers	1 July 2009

## 1. Basis of preparation (continued)

	Application date
• Improvement to HKFRSs – Amendments to :	
➤ HKAS 1 (Revised) – Presentation of Financial Statement	1 January 2009
➤ HKAS 2 – Inventories	1 January 2009
➤ HKAS 7 – Cash Flow Statements	1 January 2009
➤ HKAS 16 – Property, Plant and Equipment	1 January 2009
➤ HKAS 19 – Employee Benefits	1 January 2009
➤ HKAS 20 – Accounting for Government Grants and Disclosure of Government Assistance	1 January 2009
➤ HKAS 23 (Revised) – Borrowing Costs	1 January 2009
➤ HKAS 27 – Consolidated and Separate Financial Statements	1 January 2009
➤ HKAS 28 – Investments in Associates	1 January 2009
➤ HKAS 29 – Financial Reporting in Hyperinflationary Economies	1 January 2009
➤ HKAS 31 – Interests in Joint Ventures	1 January 2009
➤ HKAS 36 – Impairment of Assets	1 January 2009
➤ HKAS 38 – Intangible Assets	1 January 2009
➤ HKAS 39 – Financial Instruments: Recognition and Measurement	1 January 2009
➤ HKAS 40 – Investment Property	1 January 2009
➤ HKAS 41 – Agriculture	1 January 2009
➤ HKFRS 5 – Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
➤ Other minor amendments to HKFRS 7 – Financial Instruments: Disclosures, HKAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, HKAS 10 - Events After the Balance Sheet Date, HKAS 18 - Revenue and HKAS 34 - Interim Financial Reporting.	1 January 2009

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

## 2. Sales and segment information

### a) Sales:

The Group's sales are analysed as follows:

	2008 HK\$'000	2007 HK\$'000
Income from provision of satellite transponder capacity		
- recurring	878,031	859,542
- non-recurring	4,935	11,700
Sales of satellite transponder capacity	24,491	24,491
Income from provision of broadband access services and sale of equipment	118,494	38,225
Other revenue	5,746	5,315
	<u>1,031,697</u>	<u>939,273</u>

### b) Segment Information:

#### i) Business segments

In the year ended 31 December 2007, the Group acquired a subsidiary which is primarily engaged in the provision of broadband access services. Accordingly, the Group changed the primary reporting segments and selected business segment as the primary report format under HKAS 14 "Segment Reporting" to align with its internal reporting structure.

The Group has created the following two business segments:

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

**2. Sales and segment information** (continued)

**b) Segment Information** (continued)

**i) Business segments** (continued)

The segment results for the years ended 31 December are as follows:

	<b>2008</b>	<b>2008</b>	<b>2008</b>	<b>2008</b>
	<b>Provision of satellite telecommunication systems for broadcasting and telecommunication HK\$'000</b>	<b>Broadband access services HK\$'000</b>	<b>Inter-segment elimination HK\$'000</b>	<b>Consolidated HK\$'000</b>
Sales from external customers	907,457	118,494	-	1,025,951
Inter-segment sales	43,855	-	(43,855)	-
Other revenue	6,771	-	(1,025)	5,746
<b>Total</b>	<b>958,083</b>	<b>118,494</b>	<b>(44,880)</b>	<b>1,031,697</b>
Segment results	519,896	785	-	520,681
Finance costs	(64)	(50)	-	(114)
Profit before income tax	519,832	735	-	520,567
Income tax expenses	(36,609)	-	-	(36,609)
<b>Profit for the year</b>	<b>483,223</b>	<b>735</b>	<b>-</b>	<b>483,958</b>
Attributable to :				
- equity holders of the Company	484,152	735	-	484,887
- minority interests	(929)	-	-	(929)
	<b>483,223</b>	<b>735</b>	<b>-</b>	<b>483,958</b>
Assets	5,732,300	45,713	-	5,778,013
Liabilities	615,744	30,526	-	646,270
Capital expenditure	298,599	9,092	-	307,691
Depreciation and amortisation	297,186	7,244	-	304,430

## 2. Sales and segment information (continued)

### b) Segment Information (continued)

#### i) Business segments (continued)

	2007 Provision of satellite telecommunication systems for broadcasting and telecommunication HK\$'000	2007 Broadband access services HK\$'000	2007 Inter-segment elimination HK\$'000	2007 Consolidated HK\$'000
Sales from external customers	895,733	38,225	-	933,958
Inter-segment sales	16,388	-	(16,388)	-
Other revenue	5,315	-	-	5,315
Total	<u>917,436</u>	<u>38,225</u>	<u>(16,388)</u>	<u>939,273</u>
Segment results	564,301	3,690	-	567,991
Finance costs	(89)	44	-	(45)
Share of losses of associates	(11,078)	-	-	(11,078)
Profit before income tax	553,134	3,734	-	556,868
Income tax expenses	(53,953)	-	-	(53,953)
Profit for the year	<u>499,181</u>	<u>3,734</u>	<u>-</u>	<u>502,915</u>
Attributable to :				
- equity holders of the Company	499,974	3,423	-	503,397
- minority interests	(793)	311	-	(482)
	<u>499,181</u>	<u>3,734</u>	<u>-</u>	<u>502,915</u>
Assets	<u>5,494,124</u>	<u>45,881</u>	<u>-</u>	<u>5,540,005</u>
Liabilities	<u>701,588</u>	<u>31,429</u>	<u>-</u>	<u>733,017</u>
Capital expenditure	<u>326,716</u>	<u>3,070</u>	<u>-</u>	<u>329,786</u>
Depreciation and amortisation	<u>297,174</u>	<u>2,039</u>	<u>-</u>	<u>299,213</u>

#### 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.

	2008 HK\$'000	2007 HK\$'000
Hong Kong	257,994	323,299
Greater China	143,276	173,940
United States of America	69,450	66,523
United Kingdom	46,801	50,488
Australia	73,330	48,182
Others	440,846	276,841
Total	<u>1,031,697</u>	<u>939,273</u>

### 3. Operating profit

The Group's operating profit is arrived at after crediting/charging the following items:

	<b>2008</b> <b>HK\$'000</b>	<b>2007</b> <b>HK\$'000</b>
Interest income	66,278	109,204
Net gain on disposals of property, plant and equipment other than transponders	123	213
Others	1,675	39
	<u>68,076</u>	<u>109,456</u>
Salary and other benefits, including directors' remuneration	111,174	78,926
Pension costs – defined contribution plans	5,623	4,976
Total staff costs	<u>116,797</u>	<u>83,902</u>
Auditors' remuneration	1,300	1,747
Bad debts written off	608	545
Provision/(Write back) for impairment of receivables	21,516	(7,713)
Depreciation and amortisation	304,430	299,213
Employee benefit expense	116,797	83,902
Operating leases		
- premises	7,399	5,094
- leasehold land & land use rights	583	584
Net exchange gain	<u>(2,311)</u>	<u>(3,261)</u>

### 4. Income tax expense

A significant portion of the Group's profit is treated as earned outside Hong Kong and is not subject to Hong Kong profits tax. Hong Kong profits tax has been provided at the rate of 16.5% (2007: 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 overseas jurisdictions.

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

	<b>2008</b> <b>HK\$'000</b>	<b>2007</b> <b>HK\$'000</b>
Current income tax		
- Hong Kong profits tax	43,649	42,634
- Overseas taxation	9,377	14,010
	<u>53,026</u>	<u>56,644</u>
Deferred income tax		
- Current year	(5,614)	(2,691)
- Impact of change in Hong Kong profits tax rate	(10,803)	-
	<u>(16,417)</u>	<u>(2,691)</u>
	<u>36,609</u>	<u>53,953</u>

#### 4. Income tax expense (continued)

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

	2008 HK\$'000	2007 HK\$'000
Profit before income tax	520,567	556,868
Tax calculated at tax rate of 16.5% (2007: 17.5%)	85,894	97,452
Tax effect of income not subject to income tax	(89,829)	(98,894)
Tax effect of expenses not deductible for tax purposes	42,109	41,600
Tax effect on unrecognised timing differences by a subsidiary	(440)	(152)
Tax effect of tax losses of associates not recognised	-	446
Effect of income tax rate differential between Hong Kong and overseas locations	9,377	13,978
Tax losses for which no deferred income tax asset was recognised	301	-
Remeasurement of deferred tax – change in Hong Kong profits tax rate	(10,803)	-
Utilisation of previously unrecognised tax losses by a subsidiary	-	(477)
Tax expense	36,609	53,953

The effective tax rate of the Group was 7.0% (2007: 9.7%).

#### 5. Earnings per share

##### **Basic**

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

	2008 HK\$'000	2007 HK\$'000
Profit attributable to equity holders of the Company	484,887	503,397
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	390,722	390,830
Basic earnings per share (HK\$ per share)	1.24	1.29

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

##### **Diluted**

Diluted earnings per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and restricted shares under the Share Award Scheme. 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 subscription rights attached to outstanding share options and outstanding restricted shares. 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 and the restricted shares being fully vested.

	2008 HK\$'000	2007 HK\$'000
Profit used to determine diluted earnings per share	484,887	503,397
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	390,722	390,830
Effect of share options (in thousands)	-	80
Effect of Awarded Shares (in thousands)	358	65
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	391,080	390,975
Diluted earnings per share (HK\$ per share)	1.24	1.29

## 6. Dividends

The dividends paid during the years ended 31 December 2008 and 2007 were HK\$152,415,000 (HK\$0.39 per share) and HK\$136,902,000 (HK\$0.35 per share) respectively. A final dividend in respect of 2008 of HK\$0.31 per share, amounting to a total dividend of HK\$121,271,000 is to be proposed at the Annual General Meeting on 21 May 2009. These financial statements do not reflect this dividend payable.

	<b>2008</b>	<b>2007</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Interim dividend paid of HK\$0.08 (2007: HK\$0.08) per ordinary share	31,295	31,295
Proposed final dividend of HK\$0.31 (2007: HK\$0.31) per ordinary share	121,271	121,271
	<u>152,566</u>	<u>152,566</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 broadband 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)

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.