

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LTD

Form 6-K

September 25, 2008

## **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 September 2008**

**Commission File Number: 1-14396**

## **ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED**

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

**19th Floor, Sunning Plaza, 10 Hysan Avenue, Causeway Bay Hong Kong**

**(Address of principal executive offices)**

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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.

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.

Yes  No

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

## Important Notice

Statements in these documents relating to matters that are not historical facts are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. When used in these documents, the words estimate, project, anticipate, expect, intend, believe, and similar expressions are intended to identify forward-looking statements and information. These forward-looking statements involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Registrant to be materially different from those expressed or implied by the forward-looking statements. These important factors include, but are not limited to: (i) the continued operation of the existing in-orbit satellites and success in constructing and launching new satellites as planned, (ii) future economic and competitive conditions in the Asian regional satellite market in which the Registrant competes, (iii) the Registrant's success in obtaining necessary regulatory approvals and licenses, and (iv) the continued ability of the Registrant to meet its debt obligations and fund its capital expenditure programs. These factors are described in further detail in the Registrant's most recent annual report on Form 20-F filed with the U.S. Securities and Exchange Commission.

Information furnished on this form:

Results for the six months ended 30 June 2008.

EXHIBIT

**Exhibit  
Number**

1.1 Results for the six months ended 30 June 2008.

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ON THE COVER

The Beijing 2008 Olympics were the most widely watched Games in Olympic history, according to Jacques Rogge, President of the International Olympic Committee. AsiaSat is the region's leading satellite company and owns and operates the satellites that distributed its customers' live coverage of the Games and other sport events to the highly populated markets of the Asia Pacific.

## WHAT IS INFOTAINMENT?

Infotainment is an emerging Neoterm that combines the words "information" and "entertainment". It also blends their meanings. AsiaSat is at the very heart of the infotainment explosion in the Asia Pacific as we provide the satellite communication platforms and services that enable our customers to deliver the seamlessly converged data, television programmes, telephony, websites and multimedia experiences that their customers take for granted. We enable the delivery of infotainment anywhere in the Asia-Pacific region at any time. From secure business communications to quality television channel distribution, from outside sports coverage to remote telephone services, our customers rely on AsiaSat's leadership as the region's premier satellite services provider.

ASIASAT

Asia Satellite Telecommunications Holdings Limited (the Company ) indirectly owns Asia Satellite Telecommunications Company Limited ( AsiaSat ) and other subsidiaries (collectively the Group ) and is listed on the Hong Kong Stock Exchange ( Stock Exchange ) (Stock Code 1135). The Company has delisted its American Depository Shares ( ADSs ) from the New York Stock Exchange from January 2008.

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

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

Production Edelman

CORPORATE INFORMATION

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

MI Zeng Xin

REMUNERATION COMMITTEE

James WATKINS (Chairman)

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ronald J. HERMAN, Jr.

JU Wei Min

Nancy KU

EXECUTIVE DIRECTORS

Peter JACKSON (Chief Executive Officer)

William WADE (Deputy Chief Executive Officer)

COMPANY SECRETARY

Sue YEUNG

NON-EXECUTIVE DIRECTORS

DING Yu Cheng

JU Wei Min

KO Fai Wong

John F. CONNELLY

Mark CHEN

Nancy KU

AUTHORISED REPRESENTATIVES

Peter JACKSON

Sue YEUNG

INDEPENDENT NON-EXECUTIVE DIRECTORS

Edward CHEN

James WATKINS

Robert SZE

AUDIT COMMITTEE

Robert SZE (Chairman)

Edward CHEN

James WATKINS

JU Wei Min (Non-voting)

Mark CHEN (Non-voting)

AUDITORS

PricewaterhouseCoopers

NOMINATION COMMITTEE

Edward CHEN (Chairman)

MI Zeng Xin

Ronald J. HERMAN, Jr.

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited

PRINCIPAL SOLICITORS

Mayer Brown JSM

Paul, Weiss, Rifkind, Wharton & Garrison

REGISTERED OFFICE

Canon s Court

22 Victoria Street

Hamilton HM12

Bermuda

HEAD OFFICE

19/F Sunning Plaza

10 Hysan Avenue

Causeway Bay

Hong Kong

ASIASAT INTERIM 2008 1



## 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 20th 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.

## CHAIRMAN'S STATEMENT

### 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.

## CHAIRMAN'S STATEMENT

### INTERIM RESULTS (CONTINUED)

#### 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 de-list 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.

CHAIRMAN'S STATEMENT

OPERATIONS REVIEW (CONTINUED)

TWO NEW SATELLITES (CONTINUED)

ASIASAT 5 (CONTINUED)

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 geo-stationary 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%).

## CHAIRMAN'S STATEMENT

### OPERATIONS REVIEW (CONTINUED)

#### IN-ORBIT SATELLITES (CONTINUED)

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 contents 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 Blu-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.

CHAIRMAN'S STATEMENT

OPERATIONS REVIEW (CONTINUED)

MARKET REVIEW (CONTINUED)

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 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 the Company, 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).

CHAIRMAN'S STATEMENT

BUSINESS DEVELOPMENT (CONTINUED)

SUBSIDIARIES (CONTINUED)

SKYWAVE

Our subsidiary, Skywave TV Company 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 MCPC (Multiple Channels per carrier) 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.

ASSOCIATES 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.

CHAIRMAN'S STATEMENT

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



## CORPORATE GOVERNANCE

### STATEMENT

In the interest of its shareholders, the Company is committed to high standards of corporate governance and is devoted to identifying and formalising best practices. The Company is in compliance with the requirements of local and relevant overseas regulators in this regard.

### CODE ON CORPORATE GOVERNANCE PRACTICES

All the independent non-executive directors ( INED s) and non-executive directors ( NED s) are appointed for a specific term of three years and are subject to retirement, rotation and re-election at the Company s annual general meeting.

The Group has adopted all the code provisions in the Code on Corporate Governance Practices in Appendix 14 of the Rules Governing the Listing of Securities ( Listing Rules ) except for the following:

The code provision on the level and make-up of the remuneration committee requires a majority of the members to be comprised of INEDs. The Remuneration Committee of the Company is currently composed of three members, of whom one is an INED who also chairs the Committee, while the other two are NEDs.

Regarding the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, the Group has adopted procedures governing directors securities transactions in full compliance of the relevant code provisions.

### AUDIT COMMITTEE

The Audit Committee consists of five members, three of whom are INEDs who satisfy independence, financial literacy and experience requirements, whilst the other two members are NEDs and have only observer status with no voting rights. The Committee is chaired by an INED, who possesses appropriate professional qualifications and experience in financial matters.

CORPORATE GOVERNANCE

AUDIT COMMITTEE (CONTINUED)

The Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2008 in conjunction with management and external auditors of the Company. The Committee recommended to the Board that it should approve the unaudited condensed consolidated interim financial statements for the six months ended 30 June 2008.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

GUIDELINES ON CONDUCT

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

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OTHER INFORMATION

DIRECTORS INTERESTS

As at 30 June 2008, as recorded in the register required to be maintained under Section 352 of the Securities and Futures Ordinance ( SFO ) (Cap. 571), the following Directors have the following interests in the share capital of the Company:

Directors		Number of shares / underlying shares held					Other interests	Total	% of the Issued Share Capital of the Company
		Personal interests	Family interests	Corporate interests	Trusts and similar interests	Persons acting in concert			
Peter JACKSON	Long positions	319,784						319,784	0.08
	Short positions								
William WADE	Long positions	87,472						87,472	0.02
	Short positions								
James WATKINS	Long positions	50,000						50,000	0.01
	Short positions								

## OTHER INFORMATION

## SUBSTANTIAL EQUITY HOLDERS

As at 30 June 2008, according to the register required to be kept under Section 336 of the SFO and information otherwise reported to the Company, the following persons held an interest of 5% or more in the shares in the Company:

Name	Capacity	Long or short position	No. of shares	%
Bowenvale Limited	Beneficial owner	Long position	268,905,000	68.74
AsiaCo Acquisition Limited	Beneficial owner	Long position	22,269,695 <sup>(1)</sup>	5.69
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695 <sup>(1)&amp;(2)</sup>	74.43
CITIC Group	Interest in controlled corporation	Long position	291,174,695 <sup>(1)&amp;(2)</sup>	74.43
GE Pacific-3 Holdings, Inc.	Interest in controlled corporation	Long position	268,905,000 <sup>(3)</sup>	68.74
General Electric Company	Interest in controlled corporation	Long position	291,174,695 <sup>(1)&amp;(3)</sup>	74.43

Notes:

- (1) AsiaCo Acquisition Limited ( AsiaCo ) controls 5.69% of the voting rights of the Company. AsiaCo is a company owned 50% (as to voting interest) by Able Star (defined below), a wholly-owned subsidiary of CITIC Asia Limited ( CITIC Asia ), which in turn is wholly-owned by CITIC Projects Management (HK) Limited ( CITIC Projects ), a wholly-owned subsidiary of CITIC Group, and 50% owned (as to voting interest) by GE Capital Equity Investments, Inc. ( GE Equity ), an indirectly wholly-owned subsidiary of General Electric Company ( GE ). Accordingly, Able Star, CITIC Asia, CITIC Projects, CITIC Group, GE Equity and GE are deemed to be interested in the 22,269,695 shares in the Company held by AsiaCo.
- (2) Able Star Associates Limited ( Able Star ) controls 50% of the voting rights of Bowenvale Limited ( Bowenvale ). Able Star is wholly-owned by CITIC Asia which in turn is wholly-owned by CITIC Projects, a wholly-owned subsidiary of CITIC Group. Accordingly, Able Star, CITIC Asia, CITIC Projects and CITIC Group are deemed to be interested in the 268,905,000 shares in the Company held by Bowenvale.
- (3) Pacific-3 Holdings, Inc. ( Pacific 3 ) controls 45% of the voting rights of Bowenvale and other GE affiliates own another 5%. They are all indirect, wholly-owned subsidiaries of GE. Accordingly, Pacific 3 and its GE affiliates are interested in the 268,905,000 shares of the Company held by Bowenvale.

OTHER INFORMATION

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURE

Save as disclosed above, at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CLOSURE OF REGISTER OF MEMBERS

The Register of equity holders of the Company will be closed from 3 to 10 October 2008 (both days inclusive). In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:00 p.m. on 2 October 2008. The interim dividend will be paid on or about 6 November 2008.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### TURNOVER

Turnover for the period were HK\$487 million (2007: HK\$461 million), an increase of HK\$26 million over last year. The increase was mainly due to the consolidation of revenue of HK\$55 million generated from SpeedCast Holdings Limited ( SpeedCast ), which became a wholly-owned subsidiary during the second half of 2007. However, the net contribution from SpeedCast to the Group, compared to same period last year, represented around HK\$33 million resulting from elimination of inter-company sales. The increase was partially offset by the decrease in one-time receipts of approximately HK\$7 million.

#### COST OF SERVICES

Cost of services was HK\$211 million (2007: HK\$198 million), an increase of HK\$13 million, or 7%. The increase was largely due to the inclusion of SpeedCast s expenses.

#### OTHER GAINS

The gain of HK\$35 million (2007: HK\$53 million) was mainly due to interest income generated on short-term deposits. The decrease as compared to prior period was due largely to the continued drop in the interest rate on bank deposits.

#### ADMINISTRATIVE EXPENSES

Administrative expenses increased to HK\$77 million (2007: HK\$40 million). The increase was mainly due to the inclusion of the operating expenses of HK\$19 million from SpeedCast and the provision of impairment of receivables of HK\$14 million from certain customers.

#### SHARE OF LOSS OF ASSOCIATES

The share of loss from associates was nil balance (2007: HK\$0.85 million) resulting from the investment in an associate being fully provided in year 2007.

#### 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 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the period. The Group s effective tax rate for the period was approximately 10% (2007: 11%) excluding the effect of one-off deferred tax adjustment.

Overseas tax is calculated at approximately 5% to 20% of the gross revenue earned in certain overseas jurisdictions. The Group currently has a tax case with the Indian tax authorities. Further details are set out in note 13 to the condensed consolidated interim financial statements.

## MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW (CONTINUED)

## PROFIT FOR THE PERIOD

Profit attributable to shareholders amounted to HK\$223 million (2007: HK\$247 million), a decrease of HK\$24 million. Excluding the effect of early termination payments in both periods, the profit attributable to shareholders has decreased by less than HK\$17 million over the same period in 2007.

The decrease in profit was mainly due to lower interest income from bank deposits and a provision for impairment of receivables. The tax rate cut has resulted in a smaller income tax provision which helped the profit of the Company.

## FINANCIAL RESULTS ANALYSIS

The financial results are highlighted below:

		Six months ended 30 June		
		2008	2007	Change
Sales	HK\$M	<b>487</b>	461	+6%
Profit attributable to shareholders	HK\$M	<b>223</b>	247	-10%
Dividend	HK\$M	<b>31</b>	31	
Capital and reserves	HK\$M	<b>4,898</b>	4,576	+7%
Earnings per share	HK cents	<b>57</b>	63	-10%
Dividend per share	HK cents	<b>8</b>	8	
Dividend cover	Times	<b>7.1</b>	7.9	-10%
Return on equity holders' funds	%	<b>5</b>	6	-1%
Net assets per share book value	HK cents	<b>1,253</b>	1,171	+7%

## LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group generated a net cash outflow of HK\$44 million (2007: cash 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 had a cash balance of HK\$2,245 million (31 December 2007: HK\$2,288 million). The Group has no debt.

## CAPITAL STRUCTURE

## ORDER BOOK

As at 30 June 2008, the value of contracts on hand amounted to HK\$2,342 million (31 December 2007: HK\$2,130 million), of which approximately HK\$400 million will be recognised in the second half of this year. Almost all the contracts are denominated in U.S. Dollars.

## MANAGEMENT DISCUSSION AND ANALYSIS

### SIGNIFICANT INVESTMENTS, THEIR PERFORMANCE AND FUTURE PROSPECTS

#### SPEEDCAST

SpeedCast Holdings Limited ( SpeedCast ), a wholly-owned subsidiary of the Company, provides broadband, multimedia and corporate broadcast services 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 also had a loss of HK\$2 million (2007: HK\$1.5 million loss).

#### SKYWAVE

Skywave TV Company Limited ( Skywave ), in which the Company holds an 80% interest, operates a low cost direct-to-home (DTH) platform to serve the markets of Hong Kong, Taiwan, Macau and Southern China.

Operating under a Hong Kong non-domestic television programme service licence, Skywave offers a variety of some 35 full time TV channels to authorised subscribers in the AsiaSat 4 BSS (broadcast satellite service) coverage area. Skywave is a niche service offering quality content throughout the region to customers not readily served by cable. Working through its joint venture partners, the Skywave platform provides a comprehensive offering from hardware distribution and product promotion, to customer service and subscriber management.

For the six months under review, Skywave incurred a loss of approximately HK\$2.4 million (2007: HK\$2.4 million), of which the Company's share was about HK\$1.9 million (2007: HK\$1.9 million).

#### BEIJING ASIA

Beijing Asia Sky Telecommunications Technology Company Limited ( Beijing Asia ), a joint venture of the Company in Beijing in which AsiaSat holds a 49% shareholding, provides satellite-based telecommunication networks, consultancy and technical support services to customers in China. Beijing Asia provides government institutions and major corporations with corporate data networks, data broadcasting services, and a trial telephony network connecting remotest sites in China using very small aperture terminal (VSAT) technology.

Beijing Asia commenced operation in October 2004. For the first six months of 2008, Beijing Asia continued to incur a loss of approximately HK\$2.5 million (2007: HK\$1.7 million), of which AsiaSat did not share any of its loss (2007: HK\$0.85 million) as the Company had already fully provided for its investment in this venture in 2007.

At 30 June 2008, the book value of the investment in Beijing Asia stood at a nil balance.



## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the period, there were neither material acquisitions nor disposals of subsidiaries or associated companies.

### SEGMENT INFORMATION

The turnover of the Group, analysed by both location of customers and business segment, is disclosed in note 4 to the condensed consolidated interim financial statements.

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2008, the Group had 153 (31 December 2007: 142) permanent employees.

The Group considers its human resources as one of its most valuable assets. The talent pool that the Group draws from overlaps with the telecommunications, information technology and some high-tech equipment vendor industries.

The Group has established a performance-based appraisal system. The present remuneration package consists of salaries, housing benefits (applicable to certain grades of employees), discretionary bonuses, restricted shares award and fringe benefits that are comparable with the market.

The Group does not operate an in-house regular training programme. However, the Group does provide ad hoc training on new developments or facilities and sponsors employees to attend external vocational training that is relevant to the discharge of their duties and their career progression.

### CHARGES ON GROUP ASSETS

The Group did not have any charge on assets as at 30 June 2008 and 31 December 2007.

### CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in note 14 to the condensed consolidated interim financial statements.

As at 30 June 2008, the Group had total capital commitments of HK\$586 million (31 December 2007: HK\$795 million), of which HK\$295 million (31 December 2007: HK\$503 million) was contracted but not provided for in the financial statements, and the remaining HK\$291 million (31 December 2007: HK\$293 million) was authorised by the Board but not yet contracted.

## MANAGEMENT DISCUSSION AND ANALYSIS

### GEARING RATIO

At 30 June 2008, the Company remained debt free. Therefore, a gearing ratio was not applicable.

### EXCHANGE RATES AND ANY RELATED HEDGES

During the period, 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. As at 30 June 2008, almost all the Group's transponder utilisation agreements, transponder purchase agreements, and obligations to purchase equipment were denominated in U.S. Dollars. Thus, the Group does not have any significant currency exposure and does not need to hedge against currency fluctuation.

### CONTINGENT LIABILITIES

Particulars of the Group's contingent liabilities are set out in note 13 to the condensed consolidated interim financial statements.

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	As at	
	30 June 2008	31 December 2007
Note	Unaudited	