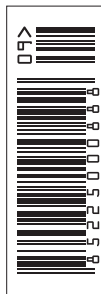


FREE TO SHAREHOLDERS

ASIASAT INTERIM REPORT 2009

hd times
H I G H D E F I N I T I O N



Joint Venture Service Targets Asia Region

Direct-To-Home (DTH) TV The Next Frontier

Staff Correspondent

Delivered via a small satellite antenna and a digital set-top box, Direct-to-Home (DTH) satellite TV service is expected to be the next breakthrough development in the audio and video industry.

Leading Asian satellite operator AsiaSat and pay TV delivery system provider EchoStar have joined forces to create a new satellite TV service that will begin broadcast from AsiaSat 4 in the second half of 2009, providing a wide variety of all-digital audio and video channels distributed directly to consumer homes in Taiwan and other targeted regions in Asia.

Through a joint venture agreement, AsiaSat will provide satellite capacity for the DTH satellite TV platform while EchoStar will contribute its operational expertise and digital satellite TV equipment.

"Our collaboration with EchoStar for the launch of a DTH satellite TV service creates an innovative and high quality product for the increasing number of technology-aware consumers in Asia who are demanding greater choice in their pay television services," said Peter Jackson, Chief Executive Officer of AsiaSat.

Announcements on programming packages, equipment availability and targeted territories will be made in the coming months.



Spoilt for choice: AsiaSat and EchoStar's DTH offering will enable consumers in Asia to select from a wide variety of lifestyle, education and business channels direct to their homes at any time they wish.



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Telecommunications
Holdings Limited
(Stock Code 1135)



ASIASAT5
SUCCESSFULLY
LAUNCHED

INDUSTRY
ASIASAT SCOOPS THREE
AWARDS



FROM THE EDITOR

Welcome to the first edition of HD Times. The magazine is named HD Times to signify the beginning of the HD Era in Asia. Published by AsiaSat every six months, HD Times will keep you abreast of AsiaSat's latest news and events, and the development of the Asian satellite communications industry.

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Hat Trick Scored in First Half of 2009 Awards & Accolades

Satellite Service Provider of the Year in Asia Pacific

In June, AsiaSat won the "Satellite Service Provider of the Year in Asia Pacific" at the 2009 Frost & Sullivan Asia Pacific ICT Awards. This is the second time in three years that AsiaSat has been given this leading industry award, in recognition of its exceptional performance over the past year.

Best Asian Satellite Carrier

In March, AsiaSat was again voted the "Best Asian Satellite Carrier" in the 2009 Telecom Asia Awards. This is the third time in four years AsiaSat has been presented with this prestigious

award as recognition of its outstanding performance in the Asia-Pacific telecommunications industry. The awards winners were selected based on their financial performance, market leadership, technology and innovation.

SSPI's Hall of Fame

Also in March, AsiaSat CEO, Peter Jackson, was inducted into The Society of Satellite Professionals International (SSPI)'s Satellite Hall of Fame for his valuable contributions to the satellite communications industry. The SSPI's Hall of Fame recognises the vital work of the visionaries and pioneers who have made the age of satellite communications possible.

About AsiaSat

Asia Satellite Telecommunications Holdings Limited (the "Company") indirectly owns Asia Satellite Telecommunications Company Limited ("AsiaSat") and other subsidiaries (collectively the "Group") and is listed on the Hong Kong Stock Exchange ("Stock Exchange") (Stock Code 1135). The Company has filed the deregistration application with the U.S. Securities and Exchange Commission (SEC) on 10 March 2009. Following the completion of the 90-day waiting period, the Company's periodic and disclosure obligations under the Securities Exchange Act of 1934 terminated and the Company is no longer a SEC registered company.

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.

Corporate Information

Chairman and Non-executive Director

Sherwood P. DODGE (redesignated on 1 June 2009)

Deputy Chairman and Non-executive Director

MI Zeng Xin (redesignated on 1 June 2009)

Ronald J. HERMAN, Jr. (resigned on 6 February 2009)

Executive Directors

Peter JACKSON (Chief Executive Officer)

William WADE (Deputy Chief Executive Officer)

Non-executive Directors

DING Yu Cheng

GUAN Yi (appointed on 6 February 2009)

JU Wei Min

John F. CONNELLY

Mark CHEN

Nancy KU

KO Fai Wong (resigned on 6 February 2009)

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)

Nomination Committee

Edward CHEN (Chairman)

MI Zeng Xin

Sherwood P. DODGE

Remuneration Committee

James WATKINS (Chairman)

JU Wei Min

Nancy KU

Company Secretary

Sue YEUNG

Authorised Representatives

Peter JACKSON

Sue YEUNG

Auditors

PricewaterhouseCoopers

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited

Other Bankers

China Construction Bank (Asia) Corporate Limited

Mizuho Corporate Bank, Limited (Hong Kong Branch)

Standard Chartered Bank (Hong Kong) Limited

UBS AG

DBS Bank Limited (Hong Kong Branch)

Principal Solicitors

Mayer Brown JSM

Paul, Weiss, Rifkind, Wharton & Garrison

Registered Office

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

Head Office

19/F Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

Chairman's Statement

LEADERSHIP IN CHALLENGING TIMES

Core Business Remains Stable

I am pleased to report that AsiaSat's core business has continued to remain stable despite a difficult global environment. As noted in the 2008 annual report, the satellite industry is not immune from the effects of the global downturn. However, we remain cautiously optimistic about the medium-term future.

In March, AsiaSat was awarded "Best Asian Satellite Carrier" at the 2009 Telecom Asia Awards. Also in March, AsiaSat's Chief Executive Officer Peter JACKSON was inducted into the Society of Satellite Professionals International's Hall of Fame, in recognition of his three decades of work and executive leadership in the telecommunications and satellite industry, half of which has been spent at AsiaSat. In June, AsiaSat was recognised as "Satellite Service Provider of the Year in Asia Pacific" at the Frost & Sullivan Asia Pacific ICT Awards, the first time a satellite carrier has received this award twice.

While our first half year performance was slightly higher than that of last year, we expect our overall 2009 performance to be similar to that of 2008. The costs associated with the launch of AsiaSat 5, combined with a further drop in investment income, have put additional pressure on our bottom line. While we have experienced a slight increase in renewals and new customers in the first half year, we are also seeing many of our major customers slowing their expansion plans as the global economic downturn's effect on advertising emerges in our industry.

The highlight of the second half year will be bringing AsiaSat 5, our newest satellite, into service. AsiaSat 5 was successfully launched in August and will finish testing in September. The launch signals our long-term commitment to our partners and investors and our underlying optimism about the fundamentals of the Asian satellite industry. AsiaSat 5 will help us maintain our leading position as Asia's premier satellite provider, a position recognised by our peers this year through a series of industry awards.

The fundamentals of our business remain robust, and as market leaders we are well-placed to navigate through the current uncertainty and capitalise on the eventual recovery.

Chairman's Statement

INTERIM RESULTS

Turnover

Turnover for the first half of 2009 was HK\$545 million (2008 : HK\$487 million), an increase of HK\$58 million, amounting to some 12% over the last period. It was significant in that, despite the global economic crisis in late 2008, the Company was still able to maintain encouraging growth in turnover of our core business which amounted to around HK\$32 million, primarily attributable to increased capacity requirements by certain customers. Our wholly owned subsidiary, SpeedCast Holdings Limited ("SpeedCast") also reported continued growth in revenue of around HK\$16 million in the first half of the year due to strong demand from its customers.

The one-off termination payments of around HK\$11 million received from certain Chinese video customers, that terminated their contracts in prior years, contributed to the remaining increase of HK\$10 million in revenue.

Operating Expenses

Operating expenses, excluding depreciation and amortisation, in the first half of 2009 amounted to HK\$158 million (2008 : HK\$136 million). The increase was mainly due to an increase in legal and professional fees by HK\$12 million as a result of pursuing various business opportunities to broaden our business scope. In addition, an impairment provision of HK\$6 million for certain assets of a subsidiary was made following a new business strategy in respect of Direct-to-Home (DTH) satellite television service which is described below.

Profit

The profit attributable to equity holders during the period was HK\$253 million (2008 : HK\$224 million), an increase of 13%. The increase mainly resulted from our strong performance in revenue, an increase of HK\$58 million, and a substantial reduction in depreciation expenses of HK\$30 million as AsiaSat 2 was fully depreciated in early 2009. However, the profit growth was partially impacted by the reduction in interest income of approximately HK\$23 million owing to the continued decrease in bank interest rates on deposits.

Cash Flow

During the period, the Group generated a net cash outflow of HK\$424 million (2008 : outflow of HK\$44 million) after paying capital expenditure of HK\$666 million (2008 : HK\$239 million) and dividends of HK\$121 million (2008 : HK\$121 million). As at 30 June 2009, the Group reported a cash balance of HK\$2,021 million (31 December 2008 : HK\$2,445 million). The Group continues to be debt free.

Chairman's Statement

INTERIM RESULTS (CONTINUED)

Dividend

The Board has resolved to declare an interim dividend of HK\$0.08 per share (2008 : HK\$0.08), the same as last year. The interim dividend is payable on or about 6 November 2009 to equity holders on the share register as of 10 October 2009. The share register will be closed from 3 to 10 October 2009, both days inclusive.

CORPORATE DEVELOPMENTS

Deregistering from the U.S. Securities and Exchange Commission (SEC)

In our 2008 Annual Report, we noted our intention voluntarily to deregister from the SEC as the benefits of keeping the Company registered did not justify the associated costs. We filed the deregistration application with the SEC for deregistration on 10 March 2009. Following the completion of the 90-day waiting period, the Company's periodic and disclosure obligations under the Securities Exchange Act of 1934 terminated and the Company is no longer a SEC registered company.

OPERATIONS REVIEW

Two New Satellites

AsiaSat 5

Our new satellite, AsiaSat 5, was launched successfully from the Baikonur Cosmodrome in Kazakhstan, on 12 August 2009. The satellite was launched on a Proton Breeze M rocket supplied by International Launch Services Inc. in the place of the originally selected Land Launch rocket, whose company, Sea Launch, had filed voluntary petitions for relief under Chapter 11 in the United States Bankruptcy Court on 22 June 2009. We had made milestone payments amounting to a total of HK\$246 million over the years to Sea Launch prior to their filing under Chapter 11. This amount has been classified under capital expenditure as part of the AsiaSat 5 project cost. We are looking at our available options against Sea Launch as it is still at the early stage of the US court proceedings.

Following separation from the launch vehicle, AsiaSat 5 has been maneuvered to an orbital location for in-orbit testing. Solar arrays, reflectors, momentum wheels and thrusters have been activated and their performance verified. In addition, the transponder performance verification process is currently underway. AsiaSat 5 will replace AsiaSat 2 at the orbital location of 100.5°E and will be in service fully by the third week of September 2009 according to our schedule. AsiaSat 5 has a special feature in that certain transponders can be configured to prevent unauthorised uplinking to the satellite's transponders from areas outside of China.

Chairman's Statement

OPERATIONS REVIEW (CONTINUED)

Two New Satellites (continued)

AsiaSat 5C

The Board resolved to proceed with construction of AsiaSat 5C, which primarily remains a backup for AsiaSat 5 in the event of a commissioning failure. AsiaSat 5C is being built by Space Systems/Loral on an SS/L 1300 series satellite platform with performance similar to that of AsiaSat 5, and the satellite is designed for the provision of fixed satellite services for television broadcast, telephone networks, and VSAT networks for broadband multimedia services across the Asia Pacific Region. When AsiaSat 5 is successfully brought into service, the Company will consider options, such as converting AsiaSat 5C for other possible uses, including replacing AsiaSat 3S at the orbital location of 105.5°E.

In-orbit Satellites

During the first six months of 2009, 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 orbital slots 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 2009 was 54% (31 December 2008 : 53%).

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 2009 was 68% (31 December 2008 : 69%).

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 2009 was 66% (31 December 2008 : 58%).

The total number of transponders on the Company's satellites leased and sold as at 30 June 2009 was 80 (31 December 2008 : 76) with an overall utilisation rate of 64% (31 December 2008 : 60%). This figure includes the four BSS transponders provided for our DTH service.

Chairman's Statement

OPERATIONS REVIEW (CONTINUED)

Contracts with Customers

In the first six months of 2009, a number of new contracts were secured to the total value of HK\$164 million (2008 : HK\$319 million) and renewed contracts were valued at HK\$250 million (2008 : HK\$355 million). Together, these amounted to HK\$414 million (2008 : HK\$674 million), primarily coming from the renewal of a number of existing major contracts.

Market Review

As noted in our 2008 annual report, economic downturns have historically had a delayed and muted effect on the satellite industry. While the industry as a whole performed well in the first half of 2009, we will remain vigilant as we move into the second half. Already, we are seeing some customers deferring their expansion plans, which will impact demand going forward. This is also taking place within the context of continued excess transponder capacity in the region.

The broadcasting industry's satellite requirements are traditionally more recession-proof than other sectors of the economy, and remain our primary demand driver. Today, AsiaSat serves over 100 broadcasters, delivering some 300 television channels across the Asia-Pacific region.

We continue to take encouragement from the increasing regional demand for High Definition Television (HDTV), showcased by last year's Olympic Games. HDTV represents a very promising growth prospect for AsiaSat, and as Asian demand for HDTV catches up with the more developed US and European markets, we will be well placed to prosper.

The proliferation of new distribution platforms such as DTH satellite television and Internet Protocol Television (IPTV) across Asia gives further grounds for medium-term optimism. These new platforms have encouraged the launch of new television channels in Asia even as the downturn takes hold. While there are still regulatory barriers to free competition in several countries' DTH markets, we believe that governments will in due course bow to commercial considerations and lift restrictions on foreign investment, further spurring market growth.

We also believe that the inherent advantages satellite has over terrestrial systems in broadcast, internet backbone connections and mobile telephony will drive growth in the long term, particularly as the governments of developing nations look to enhance communications infrastructure in the more remote areas for the benefit of their citizens.

Chairman's Statement

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 2009, the turnover of SpeedCast was HK\$71 million (2008 : HK\$55 million), an increase of 29%. The company recorded a net profit of HK\$5 million (2008 : HK\$2 million loss). We are pleased with this encouraging performance.

Joint Venture with EchoStar

In June, AsiaSat formed a joint venture with EchoStar Corporation, a leading provider of end-to-end pay TV delivery systems and a designer and manufacturer of equipment for satellite, IPTV, cable, terrestrial and consumer electronics markets, for the delivery of a DTH satellite television service to Taiwan and other targeted regions in Asia, starting from the second half of 2009. Our DTH-focused subsidiary, Skywave TV Limited, which is 80% held by the Company, will now be incorporated into our joint venture with EchoStar.

OUTLOOK

The first half of 2009 has brought many positive signs. We are pleased with the performance of our core business. Overall utilisation has also improved throughout the period under review. Our subsidiary SpeedCast performed well, and we look forward to a successful partnership with EchoStar in the DTH project. Our fleet has continued to deliver reliable, high-quality service and our industry leadership has been recognised by our peers through a number of awards.

The effects of the global downturn are starting to be felt by our industry. However, we are confident that our core financial strength, debt-free balance sheet and market-leading position will allow us to benefit from the eventual market recovery. We will continue to look at organic growth and acquisition opportunities as and when they arise.

The launch of AsiaSat 5 embodies our long-term commitment to satellite communication in the Asia Pacific region. Going forward, we will continue to set industry standards for reliability and service excellence as we benefit from the strong growth fundamentals of the Asian satellite market.

Chairman's Statement

ACKNOWLEDGEMENT

I would like to take this opportunity to thank Mr. MI for his leadership and valuable contribution to the Company for serving as Chairman of the Board for the past two years. Mr. MI is now assuming the role as Deputy Chairman in accordance with the biennial rotation arrangement.

In addition, I would like to take this opportunity to express our sincere appreciation of the support from our customers, suppliers and shareholders. I would also like to thank my fellow directors for their valuable contribution and the staff members of the Group for their commitment and dedicated services throughout the period.

Sherwood P. DODGE

Chairman

Hong Kong, 26 August 2009

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.

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 2009 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 2009.

Corporate Governance

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

During the six months ended 30 June 2009, 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.

Other Information

DIRECTORS' INTERESTS

As at 30 June 2009, 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:

		Number of shares / underlying shares held						Total	% of the Issued Share Capital of the Company
		Personal interests	Family interests	Corporate interests	Trusts and similar interests	Persons acting in concert	Other interests		
Directors									
Peter JACKSON	Long positions	424,500	—	—	—	—	—	424,500	0.11
William WADE	Long positions	150,429	—	—	—	—	—	150,429	0.04
James WATKINS	Long positions	50,000	—	—	—	—	—	50,000	0.01

SUBSTANTIAL EQUITY HOLDERS

As at 30 June 2009, 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 ordinary shares in the Company	% of the Issued Share Capital of the Company
Bowenvale Limited	Beneficial owner	Long position	291,174,695 ⁽¹⁾	74.43
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695 ⁽²⁾	74.43
CITIC Group	Interest in controlled corporation	Long position	291,174,695 ⁽²⁾	74.43
GE Pacific-3 Holdings, Inc.	Interest in controlled corporation	Long position	291,174,695 ⁽³⁾	74.43
General Electric Company	Interest in controlled corporation	Long position	291,174,695 ⁽³⁾	74.43

Other Information

SUBSTANTIAL EQUITY HOLDERS (CONTINUED)

Notes:

- (1) As part of the internal reorganisation of Bowenvale Limited ("Bowenvale"), AsiaCo Acquisition Limited ("AsiaCo") has become a wholly-owned subsidiary of Bowenvale in April 2009. Accordingly, Bowenvale is deemed to be interested in the 22,269,695 shares of the Company held by AsiaCo, representing 5.69% interests in the Company. Together with its existing interest in the 268,905,000 shares in the Company, Bowenvale is deemed to be interested in a total of 291,174,695 shares in the Company. Further on 28 July 2009, AsiaCo has completed the transfer of its 22,269,695 shares to Bowenvale.
- (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 Satellite Holding Company Limited ("CITIC Asia") which in turn is wholly-owned by CITIC Projects Management (HK) Limited ("CITIC Projects"), a wholly-owned subsidiary of CITIC Group. Accordingly, Able Star, CITIC Asia, CITIC Projects and CITIC Group are deemed to be interested in the total of 291,174,695 shares in the Company held by Bowenvale.
- (3) GE Pacific-3 Holdings, Inc. ("Pacific 3") controls 41.56% of the voting rights of Bowenvale and other affiliates of General Electric Company ("GE") own another 8.44%. They are all indirect, wholly-owned subsidiaries of GE. Accordingly, Pacific 3 and its GE affiliates are interested in 291,174,695 shares of the Company held by Bowenvale.

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 2009 (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 2009. The interim dividend will be paid on or about 6 November 2009.

Management Discussion and Analysis

FINANCIAL REVIEW

Turnover

Turnover for the period was HK\$545 million (2008 : HK\$487 million), an increase of HK\$58 million over the last period. The main increase was due to an encouraging growth in our core business which amounted to around HK\$32 million. Our wholly-owned subsidiary, SpeedCast also reported continued growth in revenue of around HK\$16 million. In addition, the one-off termination payments of around HK\$11 million received from certain Chinese video customers, that terminated their contracts in prior years, contributed to the remaining increase of HK\$10 million in revenue.

Cost of Services

Cost of services was HK\$178 million (2008 : HK\$211 million), a decrease of HK\$33 million, or 16%. The decrease was largely due to a substantial reduction in depreciation expenses of HK\$30 million as AsiaSat 2 was fully depreciated in early 2009.

Other Gains

The gain of HK\$13 million (2008 : HK\$35 million) mainly represented interest income generated on short-term deposits. The decrease as compared to prior period was due largely to the continued drop in the interest rates on bank deposits.

Administrative Expenses

Administrative expenses increased to HK\$102 million (2008 : HK\$77 million). The increase was mainly due to an increase in legal and professional fees by HK\$12 million as a result of pursuing various business opportunities to broaden our business scope. In addition, an impairment provision of HK\$6 million for certain assets of a subsidiary was made following a new business strategy in respect of its Direct-to-Home (DTH) satellite television services.

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% (2008 : 16.5%) of the estimated assessable profit for the period. The Group's effective tax rate for the period was approximately 10% (2008 : 10% 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\$253 million (2008 : HK\$224 million), an increase of HK\$29 million. The increase in profit was due to a strong performance in revenue, and a large reduction in depreciation expense as AsiaSat 2 was fully depreciated in early 2009, which was partially offset by lower interest income from bank deposits.

Financial Results Analysis

The financial results are highlighted below:

		Six months ended 30 June		
		2009	2008	Change
Sales	HK\$M	545	487	+12%
Profit attributable to equity holders	HK\$M	253	224	+13%
Dividend	HK\$M	31	31	—
Capital and reserves	HK\$M	5,262	4,898	+7%
Earnings per share	HK cents	65	57	+14%
Dividend per share	HK cents	8	8	—
Dividend cover	Times	8.1	7.1	+14%
Return on equity holders' funds	Percent	5	5	—
Net assets per share - book value	HK cents	1,346	1,253	+7%

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group generated a net cash outflow of HK\$424 million (2008 : cash outflow of HK\$44 million) after paying capital expenditure of HK\$666 million (2008 : HK\$239 million) and dividends of HK\$121 million (2008 : HK\$121 million). As at 30 June 2009, the Group had a cash balance of HK\$2,021 million (31 December 2008 : HK\$2,445 million). The Group has no debt.

CAPITAL STRUCTURE

Order Book

As at 30 June 2009, the value of contracts on hand amounted to HK\$2,697 million (31 December 2008 : HK\$2,887 million), of which approximately HK\$434 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 AsiaSat, provides broadband, multimedia and corporate broadcast services to customers in countries across Asia and beyond.

For the first six months of 2009, the turnover of SpeedCast was HK\$71 million (2008 : HK\$55 million), an increase of 29%. The company also recorded a net profit of HK\$5 million (2008 : net loss of HK\$2 million).

Skywave

As mentioned in the Chairman's Statement, Skywave TV Limited ("Skywave"), in which AsiaSat holds an 80% interest, operates a low cost DTH platform to serve the markets of Hong Kong, Taiwan, Macau and Southern China. It will now be incorporated into our joint venture with EchoStar Corporation to expand the DTH satellite television service.

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 business segment, is disclosed in note 4 to the condensed consolidated interim financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2009, the Group had 154 (31 December 2008 : 154) 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 share awards 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.

Management Discussion and Analysis

CHARGES ON GROUP ASSETS

The Group did not have any charge on assets as at 30 June 2009 and 31 December 2008.

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 2009, the Group had total capital commitments of HK\$1,266 million (31 December 2008 : HK\$547 million), of which HK\$982 million (31 December 2008 : HK\$261 million) was contracted but not provided for in the financial statements, and the remaining HK\$284 million (31 December 2008 : HK\$286 million) was authorised by the Board but not yet contracted.

GEARING RATIO

As at 30 June 2009, 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 2009, the Group's existing transponder utilisation agreements with customers, and the capital commitments in respect of equipment purchases were substantially denominated in U.S. Dollars. Thus, the Group does not have any significant currency exposure and believes it does not need to hedge against currency fluctuations.

CONTINGENT LIABILITIES

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

Condensed Consolidated Interim Statement of Financial Position

	Note	As at	
		30 June	31 December
		2009	2008
		Unaudited	Audited
		HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,268,550	2,681,287
Leasehold land and land use rights	5	22,158	22,449
Intangible assets	5	38,675	39,921
Unbilled receivable		139,890	146,694
Amount paid to tax authority		204,810	204,810
		<hr/>	<hr/>
Total non-current assets		3,674,083	3,095,161
		<hr/>	<hr/>
Current assets			
Inventories		3,268	2,767
Trade and other receivables	6	303,362	234,614
Cash and cash equivalents		2,021,284	2,445,471
		<hr/>	<hr/>
Total current assets		2,327,914	2,682,852
		<hr/>	<hr/>
Total assets		6,001,997	5,778,013
		<hr/>	<hr/>

Condensed Consolidated Interim Statement of Financial Position

		As at	
	Note	30 June 2009	31 December 2008
		Unaudited	Audited
		HK\$'000	HK\$'000
EQUITY			
Equity attributable to equity holders of the Company			
Ordinary shares	7	39,120	39,120
Reserves			
Retained earnings		5,209,361	5,076,930
Other reserves	8	13,982	12,481
		<u>5,262,463</u>	<u>5,128,531</u>
Minority interests		1,528	3,212
		<u>5,263,991</u>	<u>5,131,743</u>
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		182,166	172,631
Deferred revenue		94,653	102,179
Obligations under finance leases		—	17
Other payables		1,958	1,910
		<u>278,777</u>	<u>276,737</u>
Total non-current liabilities			
		<u>278,777</u>	<u>276,737</u>
Current liabilities			
Construction payables		56,031	9,634
Other payables and accrued expenses		144,413	119,452
Deferred revenue		159,397	149,601
Obligations under finance leases		53	87
Current income tax liabilities		99,214	90,638
Dividend payable		121	121
		<u>459,229</u>	<u>369,533</u>
Total current liabilities			
		<u>459,229</u>	<u>369,533</u>
Total liabilities			
		<u>738,006</u>	<u>646,270</u>
Total equity and liabilities			
		<u>6,001,997</u>	<u>5,778,013</u>
Net current assets			
		<u>1,868,685</u>	<u>2,313,319</u>
Total assets less current liabilities			
		<u>5,542,768</u>	<u>5,408,480</u>

The notes on pages 22 to 46 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income

		Unaudited	
		Six months ended 30 June	
	Note	2009	2008
		HK\$'000	HK\$'000
Sales	4	544,861	487,407
Cost of services		(177,637)	(210,831)
Gross profit		367,224	276,576
Other gains, net		12,722	35,075
Administrative expenses		(101,728)	(77,288)
Operating profit	9	278,218	234,363
Finance costs		(56)	(59)
Profit before income tax		278,162	234,304
Income tax expense	10	(26,358)	(10,901)
Profit and total comprehensive income for the period		251,804	223,403
Profit and total comprehensive income attributable to:			
- equity holders of the Company		253,488	223,872
- minority interests		(1,684)	(469)
		251,804	223,403
		HK\$ per share	HK\$ per share
Earnings per share for profit attributable to the equity holders of the Company			
- basic	11	0.65	0.57
- diluted	11	0.65	0.57
		HK\$'000	HK\$'000
Interim dividend	12	31,296	31,296

The notes on pages 22 to 46 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Equity

Note	Unaudited							
	Attributable to equity holders of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Shares held under Share Award Scheme HK\$'000	Share-based payment reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2008	39,120	17,866	(686)	2,089	4,744,458	4,802,847	4,141	4,806,988
Profit and total comprehensive income for the period	—	—	—	—	223,872	223,872	(469)	223,403
Shares held under Shares Award Scheme	—	—	(10,238)	—	—	(10,238)	—	(10,238)
Share-based payment	—	—	—	2,323	—	2,323	—	2,323
Shares vested under Shares Award Scheme	—	—	674	(674)	—	—	—	—
Dividends relating to 2007 paid in May 2008	12	—	—	—	(121,271)	(121,271)	—	(121,271)
Dividends for shares held by Share Award Trust	12	—	—	—	96	96	—	96
	—	—	(9,564)	1,649	102,697	94,782	(469)	94,313
Balance at 30 June 2008	39,120	17,866	(10,250)	3,738	4,847,155	4,897,629	3,672	4,901,301
Balance at 1 January 2009	39,120	17,866	(9,440)	4,055	5,076,930	5,128,531	3,212	5,131,743
Profit and total comprehensive income for the period	—	—	—	—	253,488	253,488	(1,684)	251,804
Shares held under Shares Award Scheme	—	—	(939)	—	—	(939)	—	(939)
Share-based payment	—	—	—	2,440	—	2,440	—	2,440
Dividends relating to 2008 paid in May 2009	12	—	—	—	(121,271)	(121,271)	—	(121,271)
Dividends for shares held by Share Award Trust	12	—	—	—	214	214	—	214
	—	—	(939)	2,440	132,431	133,932	(1,684)	132,248
Balance at 30 June 2009	39,120	17,866	(10,379)	6,495	5,209,361	5,262,463	1,528	5,263,991

The notes on pages 22 to 46 form an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Cash Flow Statement

	Unaudited	
	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Cash flows from operating activities:		
- cash flow from operations	357,663	296,022
- taxes paid	(8,247)	(19,085)
	<hr/>	<hr/>
Cash flows from operating activities - net	349,416	276,937
	<hr/>	<hr/>
Cash flows used in investing activities:		
- purchases of property, plant and equipment	(665,540)	(238,623)
- proceeds on disposal of property, plant and equipment	348	29
- other investing cash flow - net	13,648	49,437
	<hr/>	<hr/>
Cash flows used in investing activities - net	(651,544)	(189,157)
	<hr/>	<hr/>
Cash flows used in financing activities:		
- dividends paid	(121,057)	(121,175)
- purchases of shares under Share Award Scheme	(939)	(10,238)
- repayment of obligations under finance leases	(51)	(50)
- interest paid	(12)	(37)
	<hr/>	<hr/>
Cash flows used in financing activities - net	(122,059)	(131,500)
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	(424,187)	(43,720)
Cash and cash equivalents at beginning of the period	2,445,471	2,288,433
	<hr/>	<hr/>
Cash and cash equivalents at end of the period, representing bank balances and cash	2,021,284	2,244,713
	<hr/>	<hr/>

The notes on pages 22 to 46 form an integral part of these condensed consolidated interim financial statements.

Notes to the Condensed Consolidated Interim Financial Statements

1. GENERAL INFORMATION

Asia Satellite Telecommunications Holdings Limited (the “Company”) and its subsidiaries (together the “Group”) is engaged in the provision of transponder capacity and the broadband access services.

The Company is a limited liability company incorporated in Bermuda as an exempted company under the Companies Act 1981 of Bermuda (as amended). The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM12, Bermuda.

The Company filed the deregistration application with the U.S. Securities and Exchange Commission (SEC) on 10 March 2009. Following the completion of the 90-day waiting period, the Company’s periodic and disclosure obligations under the Securities Exchange Act of 1934 terminated and the Company is no longer a SEC registered company.

The Company continues to maintain its listing on The Stock Exchange of Hong Kong Limited.

These condensed consolidated interim financial statements have been approved for issue on 26 August 2009.

These condensed consolidated interim financial statements have not been audited.

2. BASIS OF PREPARATION

These condensed consolidated interim financial statements for the six months ended 30 June 2009 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, ‘Interim financial reporting’. These condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2008 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Notes to the Condensed Consolidated Interim Financial Statements

3. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008 as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009 and are relevant to the Group:

- HKAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement. Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has selected to present one statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.
- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Chief Executive Officer who makes strategic decisions.
- Amendment to HKFRS 7, 'Financial instruments : disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 31 December 2009.

Notes to the Condensed Consolidated Interim Financial Statements

3. ACCOUNTING POLICIES (CONTINUED)

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group:

- HKAS 23 (amendment), 'Borrowing costs'.
- HKFRS 2 (amendment), 'Share-based payment'.
- HKAS 32 (amendment), 'Financial instruments : presentation'.
- HK(IFRIC) 9 (amendment), 'Reassessment of embedded derivatives' and HKAS 39 (amendment), 'Financial instruments: recognition and measurement'.
- HK(IFRIC) 13, 'Customer loyalty programmes'.
- HK(IFRIC) 15, 'Agreements for the construction of real estate'.
- HK(IFRIC) 16, 'Hedges of a net investment in a foreign operation'.
- HKAS 39 (amendment), 'Financial instruments : Recognition and measurement'.

Notes to the Condensed Consolidated Interim Financial Statements

3. ACCOUNTING POLICIES (CONTINUED)

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 3 (Revised)	Business Combinations ¹
HK(IFRIC) - Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC) - Int 18	Transfers of Assets from Customers ¹
Amendment to HKFRS 2	Share-based Payments ¹
Amendment to HKFRS 5	Non-current Assets held for sale and discontinued operations ²
Amendment to HKFRS 8	Operating segments ²
Amendment to HKAS 1	Presentation of financial statements ²
Amendment to HKAS 7	Statement of cash flows ²
Amendment to HKAS 17	Leases ²
Amendment to HKAS 36	Impairment of assets ²
Amendment to HKAS 38	Intangible assets ¹
Amendment to HKAS 39	Embedded derivatives ²
Amendment to HK(IFRIC) 9	Reassessment of embedded derivatives ¹
Amendment to HK(IFRIC) 16	Hedges of a net investment in a foreign operation ¹

¹ Effective for the Group for annual periods beginning on or after 1 July 2009

² Effective for the Group for annual periods beginning on or after 1 January 2010

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

Notes to the Condensed Consolidated Interim Financial Statements

4. SALES AND SEGMENT INFORMATION

a) Sales:

The Group's sales are analysed as follows:

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Income from provision of satellite transponder capacity		
- recurring	451,467	415,496
- non-recurring	11,128	1,425
Sales of satellite transponder capacity	8,291	12,246
Income from provision of broadband access services and sale of equipment	71,470	55,234
Other revenue	2,505	3,006
	<u>544,861</u>	<u>487,407</u>

b) Segment Information:

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

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

Other information provided to the Chief Executive Officer is measured in a manner consistent with that in the financial statements.

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

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

Notes to the Condensed Consolidated Interim Financial Statements

4. SALES AND SEGMENT INFORMATION (CONTINUED)

b) Segment Information (continued):

An analysis of the Group's reportable segments are as follows:

	2009			
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK\$'000	Broadband access services HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
For the six months ended 30 June 2009:				
Sales to external customers	461,441	71,470	—	532,911
Sales to a related party (note 15)	9,445	—	—	9,445
Inter-segment sales	30,970	—	(30,970)	—
Other revenue	3,374	—	(869)	2,505
Total	505,230	71,470	(31,839)	544,861
Segment results	273,457	4,761	—	278,218
Finance costs	(44)	(12)	—	(56)
Profit before income tax	273,413	4,749	—	278,162
Income tax expenses	(26,358)	—	—	(26,358)
Profit for the period	247,055	4,749	—	251,804
Attributable to:				
- equity holders of the Company	248,739	4,749	—	253,488
- minority interests	(1,684)	—	—	(1,684)
	247,055	4,749	—	251,804
Depreciation and amortisation	117,362	4,317	—	121,679
Interest income	12,241	7	—	12,248
Capital expenditure	704,309	7,442	—	711,751
At 30 June 2009:				
Assets	5,944,774	57,223	—	6,001,997
Liabilities	700,719	37,287	—	738,006

Notes to the Condensed Consolidated Interim Financial Statements

4. SALES AND SEGMENT INFORMATION (CONTINUED)

b) Segment Information (continued):

	2008			
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK\$'000	Broadband access services HK\$'000	Inter-segment elimination HK\$'000	Consolidated HK\$'000
For the six months ended 30 June 2008:				
Sales to external customers	428,699	55,234	—	483,933
Sales to a related party (note 15)	468	—	—	468
Inter-segment sales	21,970	—	(21,970)	—
Other revenue	3,212	—	(206)	3,006
Total	454,349	55,234	(22,176)	487,407
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)
Profit for the period	225,403	(2,000)	—	223,403
Attributable to:				
- equity holders of the Company	225,872	(2,000)	—	223,872
- minority interests	(469)	—	—	(469)
	225,403	(2,000)	—	223,403
Depreciation and amortisation	148,400	3,625	—	152,025
Interest income	35,047	63	—	35,110
Capital expenditure	241,789	4,838	—	246,627
At 30 June 2008:				
Assets	5,602,128	44,614	—	5,646,742
Liabilities	713,279	32,162	—	745,441
At 31 December 2008:				
Assets	5,732,300	45,713	—	5,778,013
Liabilities	615,744	30,526	—	646,270

Notes to the Condensed Consolidated Interim Financial Statements

4. SALES AND SEGMENT INFORMATION (CONTINUED)

The Group is domiciled in Hong Kong. The result of its revenue from external customers in Hong Kong for the six months ended 30 June 2009 is HK\$123,826,000 (for the six months ended 30 June 2008 : HK\$128,274,000), and the total of its revenue from external customers and a related party both arising from other countries is HK\$421,035,000 (2008 : HK\$359,133,000).

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.

For the six months ended 30 June 2009, revenues of approximately HK\$95,013,000 (for the six months ended 30 June 2008 : HK\$97,134,000) are derived from a single external customer. These revenues are attributable to the provision of satellite telecommunication systems for broadcasting and telecommunication.

Notes to the Condensed Consolidated Interim Financial Statements

5. CAPITAL EXPENDITURE – GROUP

	Intangible assets - Licences HK\$'000	Intangible assets - Goodwill HK\$'000	Property, plant and equipment HK\$'000	Leasehold land and land use rights HK\$'000
Six months ended 30 June 2008				
Opening net book amount as at 1 January 2008	1,407	38,675	2,677,951	23,032
Additions	—	—	246,627	—
Disposals	—	—	(62)	—
Depreciation and amortisation (note 9)	(81)	—	(151,944)	(291)
Closing net book amount as at 30 June 2008	1,326	38,675	2,772,572	22,741
Six months ended 30 June 2009				
Opening net book amount as at 1 January 2009	1,246	38,675	2,681,287	22,449
Additions	—	—	711,751	—
Disposals	—	—	(108)	—
Impairment charge	(1,166)	—	(2,781)	—
Depreciation and amortisation (note 9)	(80)	—	(121,599)	(291)
Closing net book amount as at 30 June 2009	—	38,675	3,268,550	22,158

Notes to the Condensed Consolidated Interim Financial Statements

6. TRADE AND OTHER RECEIVABLES – GROUP

	30 June 2009	31 December 2008
	HK\$'000	HK\$'000
Trade receivables	158,729	157,871
Trade receivables from related parties (note 15)	34,870	—
Less: provision for impairment of trade receivables	(47,545)	(36,265)
	<hr/>	<hr/>
Trade receivables - net	146,054	121,606
Receivables from related parties (note 15)	31,169	29,832
Other receivables	89,384	65,804
Deposits and prepayments	38,698	17,372
Less: provision for impairment of other receivables and prepayments	(1,943)	—
	<hr/>	<hr/>
	303,362	234,614
	<hr/>	<hr/>

The Group usually bills its trade customers quarterly in advance in accordance with its agreements. The ageing analysis of trade receivables is stated as follows:

	30 June 2009	31 December 2008
	HK\$'000	HK\$'000
0 to 30 days	53,450	43,002
31 to 60 days	44,260	14,354
61 to 90 days	17,638	20,247
91 to 180 days	21,448	30,747
181 days or above	9,258	13,256
	<hr/>	<hr/>
	146,054	121,606
	<hr/>	<hr/>

Notes to the Condensed Consolidated Interim Financial Statements

7. CAPITAL

	Number of shares (thousands)	Ordinary shares HK\$'000
Issued and fully paid		
At 31 December 2008	391,196	39,120
	<hr/>	<hr/>
At 1 January 2009 and 30 June 2009	391,196	39,120
	<hr/>	<hr/>

The total authorised number of ordinary shares is 550,000,000 shares (2008 : 550,000,000 shares) with a par value of HK\$0.10 per share (2008 : HK\$0.10 per share).

Share Award Scheme

The Share Award Scheme was approved to be established by the Board on 22 August 2007. The details of the Scheme were set out in note 15(b) to the 2008 annual financial statements.

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

	2009		2008
	Number of Awarded Shares	Average fair value per share	Number of Awarded Shares
At 1 January	1,158,101	—	821,584
Awarded	—	11.00	606,730
Forfeited	—	14.57	(139,433)
Vested	—	14.16	(130,780)
	<hr/>		<hr/>
At 30 June/31 December	1,158,101		1,158,101
	<hr/>		<hr/>

The remaining vesting periods of the Award Shares outstanding as at 30 June 2009 are between 1 month to 4 years.

Notes to the Condensed Consolidated Interim Financial Statements

8. OTHER RESERVES

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Shares held under Share Award Scheme HK\$'000	Total HK\$'000
At 1 January 2008	17,866	2,089	(686)	19,269
Share-based payment	—	3,818	—	3,818
Purchases of shares under Share Award Scheme	—	—	(10,606)	(10,606)
Shares vested under Share Award Scheme	—	(1,852)	1,852	—
At 31 December 2008	17,866	4,055	(9,440)	12,481
At 1 January 2009	17,866	4,055	(9,440)	12,481
Share-based payment	—	2,440	—	2,440
Purchases of shares under Share Award Scheme	—	—	(939)	(939)
At 30 June 2009	17,866	6,495	(10,379)	13,982

Notes to the Condensed Consolidated Interim Financial Statements

9. OPERATING PROFIT

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

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Interest income	12,248	35,110
Gain/(Loss) on disposal of property, plant and equipment other than transponders	240	(35)
Others	234	—
	<hr/>	<hr/>
Other gains, net	12,722	35,075
	<hr/>	<hr/>
Salary and other benefits, including directors' remuneration	57,412	55,331
Contributions to retirement benefits schemes	3,046	2,852
	<hr/>	<hr/>
Total staff costs	60,458	58,183
	<hr/>	<hr/>
Auditors' remuneration	732	803
Provision for impairment		
- Intangible assets - Licences (note 5)	1,166	—
- Property, plant and equipment (note 5)	2,781	—
- Trade receivables	11,280	14,611
- Receivables and prepayment (note 6)	1,943	—
Depreciation and amortisation (note 5)		
- Intangible assets - Licences	80	81
- Property, plant and equipment	121,599	151,944
Operating leases		
- premises	4,666	2,970
- leasehold land and land use rights (note 5)	291	291
Net exchange loss/(gain)	1,543	(2,706)
	<hr/>	<hr/>

Notes to the Condensed Consolidated Interim Financial Statements

10. 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% (2008 : 16.5%) 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	
	2009	2008
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax	11,985	21,537
- Overseas taxation	4,838	4,270
Deferred income tax charge/(credit)	9,535	(14,906)
	<hr/>	<hr/>
	26,358	10,901
	<hr/>	<hr/>

The Group currently has a tax case in dispute with the Indian tax authorities. Details of this are set out in note 13.

Notes to the Condensed Consolidated Interim Financial Statements

11. 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	
	2009	2008
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	253,488	223,872
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	390,503	390,957
Basic earnings per share (HK\$ per share)	0.65	0.57

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	
	2009	2008
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	253,488	223,872
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	390,503	390,957
Effect of unvested awarded shares (in thousands)	949	234
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	391,452	391,191
Diluted earnings per share (HK\$ per share)	0.65	0.57

Notes to the Condensed Consolidated Interim Financial Statements

12. DIVIDENDS

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Dividends paid		
Final dividend paid for the year ended		
31 December 2008 of HK\$0.31 per share		
(final dividend paid for the year ended		
31 December 2007 of HK\$0.31 per share)	121,271	121,271
Less: Dividends for shares held by Share Award Trust	(214)	(96)
	<u>121,057</u>	<u>121,175</u>
Dividends declared		
Interim dividend for the six months ended 30 June		
2009 of HK\$0.08 per share (interim dividend for		
the six months ended 30 June 2008 of HK\$0.08 per share)	31,296	31,296

An interim dividend of HK\$0.08 per share (2008 : HK\$0.08 per share) was proposed by the Board of Directors on 26 August 2009. It is payable on or about 6 November 2009 to shareholders who are on the register as of 10 October 2009. This interim dividend, amounting to HK\$31,296,000 (2008 : HK\$31,296,000), has not been recognised as a liability in these interim financial information. It will be recognised in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2009.

Notes to the Condensed Consolidated Interim Financial Statements

13. CONTINGENT LIABILITIES

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

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

Assessment year	Amount HK\$'000 (approximate)	Amount INR'000 (approximate)
1997-98	13,000	77,000
1998-99	23,000	141,000
1999-00	21,000	127,000
2000-01	14,000	84,000
2001-02	29,000	171,000
2002-03	36,000	211,000
2003-04	53,000	313,000
2004-05	44,000	253,000
2005-06	48,000	265,000
	<hr/>	<hr/>
Total	281,000	1,642,000
	<hr/>	<hr/>

The Group has filed appeals for each of the assessment years 1997-98 to 2005-06. No assessment has yet been made for the assessment years 2007-08 or 2008-09. The figures in Hong Kong dollars as disclosed above have been changed from the prior year using the exchange rate on 30 June 2009.

Assessment for the year 2006-07 was first issued at the end of 2008. The Group has filed a writ petition against this assessment to the High Court in New Delhi. The assessment was subsequently set aside in January 2009 under the High Court's order. The tax authorities were ordered to recompute the assessment and no new assessment has yet been made.

Notes to the Condensed Consolidated Interim Financial Statements

13. CONTINGENT LIABILITIES (CONTINUED)

The Income Tax Appellant Tribunal (the "Tribunal") in an earlier appeal filed against the original assessment for the assessment year 1997-98 held that the Group is liable for Indian tax under certain circumstances. The Group does not believe that it is liable for the Indian tax as held by the Tribunal and has filed an appeal against the Tribunal's decision. The tax authorities have also filed an appeal against the Tribunal's decision. Both appeals have been admitted by the High Court and are pending review. In any case, the Group has no knowledge of the amount of revenues which might be assessed to tax in India and thus could not estimate the amount of tax which might become payable if the tax claims were sustained. Accordingly, no provision has been recognised for Indian tax in the Group's financial statements.

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

Assessment year	Amount HK\$'000 (approximate)	Amount INR'000 (approximate)
1997-98	13,000	77,000
1998-99	14,000	88,000
1999-00	11,000	62,000
2000-01	9,000	50,000
2001-02	20,000	119,000
2002-03	27,000	148,000
2003-04	39,000	226,000
2004-05	34,000	195,000
2005-06	38,000	199,000
	<hr/>	<hr/>
Total	205,000	1,164,000
	<hr/>	<hr/>

Notes to the Condensed Consolidated Interim Financial Statements

14. COMMITMENTS – GROUP

Capital Commitments

Capital expenditure at the balance sheet date but not yet incurred is as follows:

	30 June 2009	31 December 2008
	HK\$'000	HK\$'000
AsiaSat 5		
Contracted but not provided for	259,551	250,191
Authorised but not contracted for	284,379	286,318
AsiaSat 5C		
Contracted but not provided for	575,782	—
Investment in a jointly controlled entity		
Contracted but not provided for	136,500	—
Other assets		
Contracted but not provided for	10,108	10,388
	<u>1,266,320</u>	<u>546,897</u>

Operating Lease Commitments – Where the Group is the Lessee

The Group leases certain of its office and residential premises under non-cancellable operating leases. Leases are negotiated for an average term of two to four years. The lease expenditure expensed in the statement of comprehensive income during the period is disclosed in note 9.

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

	30 June 2009	31 December 2008
	HK\$'000	HK\$'000
Not later than 1 year	9,874	9,463
Later than 1 year and not later than 5 years	9,485	12,513
	<u>19,359</u>	<u>21,976</u>

Notes to the Condensed Consolidated Interim Financial Statements

14. COMMITMENTS – GROUP (CONTINUED)

Operating Lease Commitments – Where the Group is the Lessor

The Group leased its premises to certain customers under non-cancellable operating leases. The leases are negotiable from 1 year to 3 years. The lease income recognised in the statement of comprehensive income during the period was HK\$719,000 (2008 : HK\$276,000).

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

	30 June 2009	31 December 2008
	HK\$'000	HK\$'000
No later than 1 year	1,895	—
Later than 1 year and not later than 5 years	2,188	—
	<hr/>	<hr/>
	4,083	—
	<hr/>	<hr/>

Notes to the Condensed Consolidated Interim Financial Statements

15. RELATED-PARTY TRANSACTIONS

At 30 June 2009, the Company was directly controlled by Bowenvale Limited (incorporated in British Virgin Islands) and AsiaCo Acquisition Limited (incorporated in British Virgin Islands) with total shareholdings of 74.43%, and was indirectly owned by CITIC Group ("CITIC") (incorporated in China) and General Electric Company ("GE") (incorporated in the United States). The remaining 25.57% of the Company's shares were held by the public.

The following transactions were carried out with related parties:

i) Income from provision of satellite transponder capacity

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

The Group has also entered into agreements for the provision of transponder capacity to a subsidiary of CITIC, CITIC Guoan Information Industry Company Limited.

CITIC is a substantial shareholder of the Company throughout the period.

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
CITIC Guoan Information Industry Company Limited (note 4b)	—	468
CITICSat (note 4b)	9,445	—
	<u>9,445</u>	<u>468</u>

Notes to the Condensed Consolidated Interim Financial Statements

15. RELATED-PARTY TRANSACTIONS (CONTINUED)

ii) Agency fee

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

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
CITIC Technology Company Limited	—	57

iii) Marketing expense

Furthermore, pursuant to the transponder master agreement mentioned in i) above, CITICSat conducts marketing activities in China on behalf of the Group and receives a marketing fee in return.

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
CITICSat	568	—

Notes to the Condensed Consolidated Interim Financial Statements

15. RELATED-PARTY TRANSACTIONS (CONTINUED)

iv) Key management compensation

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
Salaries and other short-term benefits	23,731	21,502
Share-based payment	1,174	1,356
	<u>24,905</u>	<u>22,858</u>

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

	Six months ended 30 June	
	2009	2008
	HK\$'000	HK\$'000
A subsidiary of CITIC	250	250
A subsidiary of GE	275	275
	<u>525</u>	<u>525</u>

Notes to the Condensed Consolidated Interim Financial Statements

15. RELATED-PARTY TRANSACTIONS (CONTINUED)

v) Period/Year-end balances arising from these transactions

	30 June 2009	31 December 2008
	HK\$'000	HK\$'000
Trade receivables from related parties (note 6):		
CITICSat	34,870	—
	<hr/>	<hr/>
Other receivables from related parties (note 6):		
CITICSat	1,615	—
CITIC Technology Company Limited	29,554	29,832
	<hr/>	<hr/>
	31,169	29,832
	<hr/>	<hr/>
Other payables to related parties:		
CITIC Technology Company Limited	526	525
	<hr/>	<hr/>
Deferred revenue from related parties:		
CITICSat	2,296	—
	<hr/>	<hr/>
Deposits received from related parties:		
CITICSat	25,662	—
	<hr/>	<hr/>

The receivables from and payables to related parties have no fixed terms of payment. The receivables and payables are unsecured in nature and bear no interest.

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

Notes to the Condensed Consolidated Interim Financial Statements

16. EVENT OCCURRING AFTER THE BALANCE SHEET DATE

The Group's new satellite, AsiaSat 5, was launched successfully from the Baikonur Space Centre in Kazakhstan, on 12 August 2009 and is currently undergoing testing. It will replace AsiaSat 2 at the orbital location of 100.5°E and will be fully in service from October 2009 after completing in-orbit testing. AsiaSat 5 has a special feature in that certain transponders can be configured to prevent unauthorised uplinking to the satellite's transponders from areas outside of China.

Report on Review of Interim Financial Information

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To the Board of Directors of

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 17 to 46, which comprises the condensed consolidated statement of financial position of Asia Satellite Telecommunications Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2009 and the related condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Report on Review of Interim Financial Information

SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 26 August 2009

Shareholder Information

2009 FINANCIAL CALENDAR

Interim results announcement	26 August 2009
Last day to register for 2009 interim dividend	2 October 2009
Book closure period	3 October - 10 October 2009
Interim dividend payment	16 November 2009
Financial year end	31 December

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Hamilton HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

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

LISTING

The shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

ORDINARY SHARES

Shares outstanding as at 30 June 2009 : 391,195,500 ordinary shares

Free float : 100,020,805 ordinary shares (25.57%)

Nominal value : HK\$0.10 per share

STOCK CODE

The Stock Exchange of Hong Kong Limited	1135
Reuters	1135.HK

Shareholder Information

INTERIM REPORT 2009

Copies of interim reports can be obtained by writing to:

Manager, Corporate Affairs
Asia Satellite Telecommunications Holdings Limited
19th Floor, Sunning Plaza
10 Hysan Avenue
Causeway Bay
Hong Kong

WEBSITE

<http://www.asiasat.com>

Annual/Interim reports and financial statements are available on line.

COMPANY CONTACT

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

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Facsimile : (852) 2500 0895
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INVESTOR RELATIONS CONTACT

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