

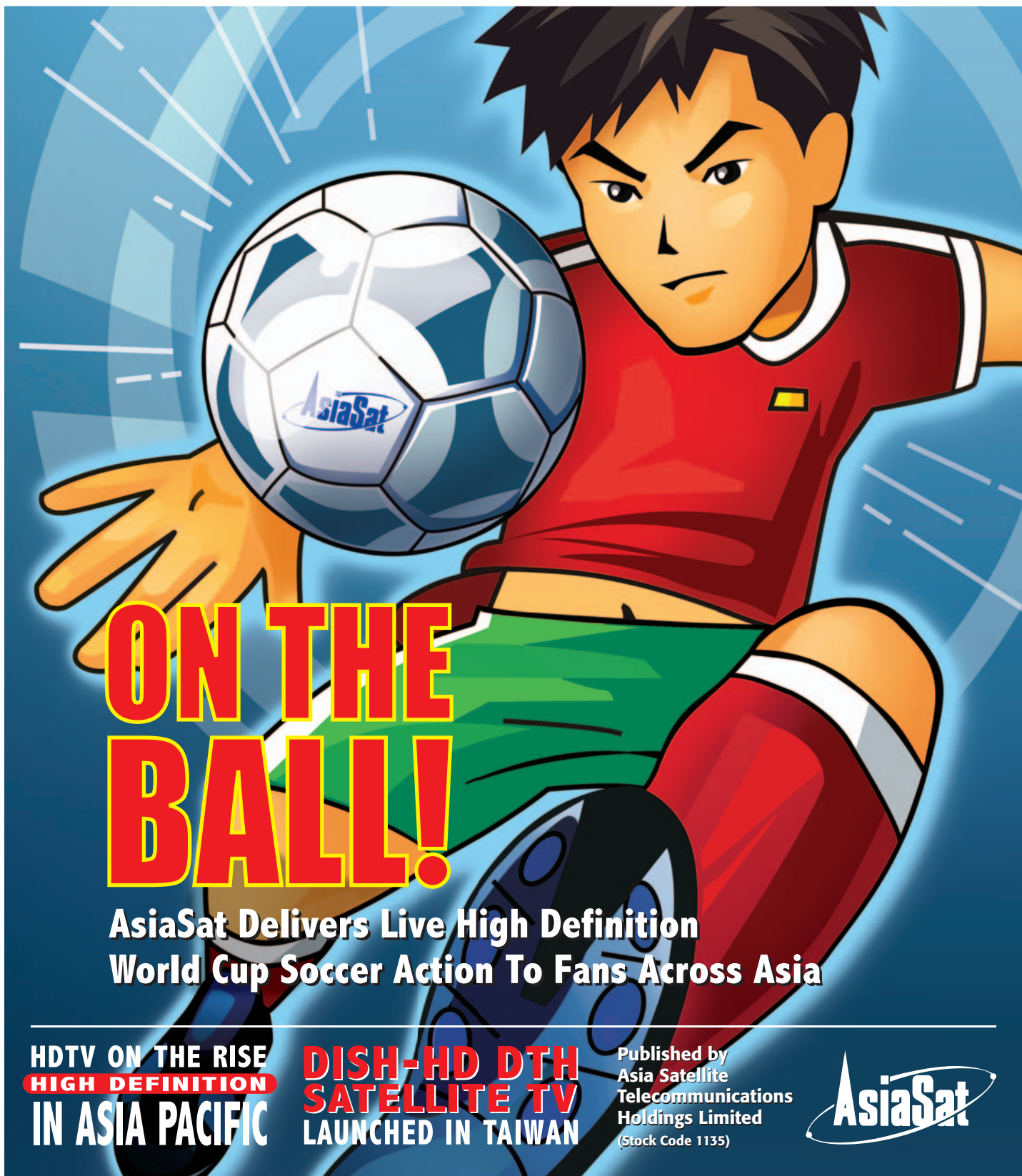
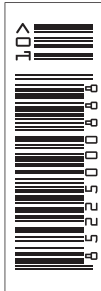
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ASIASAT INTERIM REPORT 2010

times

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



**ON THE BALL!**

AsiaSat Delivers Live High Definition World Cup Soccer Action To Fans Across Asia

**HDTV ON THE RISE  
HIGH DEFINITION  
IN ASIA PACIFIC**

**DISH-HD DTH  
SATELLITE TV  
LAUNCHED IN TAIWAN**

Published by  
Asia Satellite  
Telecommunications  
Holdings Limited  
(Stock Code 1135)





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### FROM THE EDITOR

HD Times focuses on the High Definition shape of the future in television broadcasting across Asia Pacific. We are proud of our leadership in this area and the important role AsiaSat played in the live distribution of the 2010 FIFA World Cup for major international broadcasters. This enabled millions of viewers in the region to enjoy the HD experience and we hope that you enjoyed it too. HD is now gaining momentum in Asia Pacific, and it is encouraging that AsiaSat is at the forefront of this trend in next-generation television viewing.

### 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 Stock Exchange of Hong Kong Limited ("Stock Exchange") (Stock Code 1135).

AsiaSat is Asia's premier provider of high quality satellite services to the broadcasting and telecommunications markets. The Group owns and operates four satellites, three of which are located in prime geostationary 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

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## **Executive Chairman**

Peter JACKSON  
*(appointed on 1 August 2010)*

## **Deputy Chairman and Non-executive Director**

MI Zeng Xin

## **Executive Director**

William WADE  
*(appointed as Chief Executive Officer on 1 August 2010)*

## **Non-executive Directors**

Sherwood P. DODGE  
*(resigned as Chairman on 1 August 2010)*

Mark CHEN

John F. CONNELLY

DING Yu Cheng  
*(resigned on 22 January 2010)*

GUAN Yi

JU Wei Min

Nancy KU

LUO Ning  
*(appointed on 22 January 2010)*

## **Independent Non-executive Directors**

Edward CHEN

Robert SZE

James WATKINS

## **Audit Committee**

Robert SZE (Chairman)

Edward CHEN

James WATKINS

Mark CHEN (Non-voting)

JU Wei Min (Non-voting)

## **Nomination Committee**

Edward CHEN (Chairman)

Sherwood P. DODGE

MI Zeng Xin

## **Remuneration Committee**

James WATKINS (Chairman)

Nancy KU

JU Wei Min

## **Company Secretary**

Sue YEUNG

## **Authorised Representatives**

William WADE  
*(appointed on 1 August 2010)*

Sue YEUNG

## **Auditors**

PricewaterhouseCoopers

## **Principal Bankers**

The Hongkong and Shanghai Banking  
Corporation Limited

## **Other Bankers**

China Construction Bank (Asia) Corporate Limited  
DBS Bank Limited (Hong Kong Branch)  
Mizuho Corporate Bank, Limited (Hong Kong Branch)  
UBS AG  
Standard Chartered Bank (Hong Kong) 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

# CHAIRMAN'S STATEMENT

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## GOOD PROGRESS IN DIFFICULT CONDITIONS

### Solid Growth

Asia Satellite Telecommunications Company Limited ("AsiaSat") made steady progress through the first half of 2010 in line with the Chairman's outlook in March, and the Company is reporting stronger results for this half year than for the same period in the prior year. The excellent performance was achieved despite the limited global economic recovery and, looking ahead, we continue to be cautiously optimistic about the medium-term future.

The first half of 2010 was marked by several corporate developments. The Board announced that I would retire as AsiaSat's Chief Executive Officer and be appointed as Executive Chairman of the Company, and that the Deputy Chief Executive Officer, William WADE, would be appointed Chief Executive Officer of AsiaSat, both effective on 1 August 2010. Further details are set out below.

Our exciting new Direct-to-Home (DTH) project in Taiwan was launched in June and is making good progress. As the year advances, we continue to see growing interest in High Definition Television (HDTV) in the region and, of course, AsiaSat played its part in facilitating the most watched television event in history, the 2010 FIFA World Cup.

## INTERIM RESULTS

### Turnover

Turnover for the first half of 2010 was HK\$690 million (2009 : HK\$545 million), an increase of HK\$145 million, amounting to some 27% over the equivalent period in 2009. The main increase was due to encouraging growth in our core business, revenue generated through a lease agreement for exclusive use of AsiaSat 2, and the leasing of transponders to DISH-HD Asia Satellite Limited ("DISH-HD Asia Satellite"), our Taiwan joint venture.

Our wholly-owned subsidiary, SpeedCast Holdings Limited ("SpeedCast"), also reported an increase with first-half revenue up HK\$24 million as a result of continued strong customer demand.

### Operating Expenses

Operating expenses in the first half of 2010, excluding depreciation and amortisation, amounted to HK\$166 million (2009 : HK\$158 million), up by HK\$8 million. This increase was related substantially to in-orbit insurance incurred for our new satellite, launched in the second half of last year.

# CHAIRMAN'S STATEMENT

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## INTERIM RESULTS (CONTINUED)

### Profit

The profit attributable to equity holders for the first half of 2010 was HK\$305 million (2009 : HK\$253 million), up by 21%. The increase was achieved mainly from steady growth in revenue, as mentioned above. Despite the impact of the increased operating costs, also noted above, and additional depreciation charges associated with our new satellite, the profit improvement was most encouraging.

### Cash Flow

During the period, the Group generated a net cash inflow of HK\$618 million (2009 : outflow of HK\$424 million) after paying capital expenditure of HK\$202 million (2009 : HK\$666 million) and dividends of HK\$125 million (2009 : HK\$121 million). As at 30 June 2010, the Group reported a cash and cash equivalents balance of HK\$2,102 million (31 December 2009 : HK\$1,484 million). The Group continues to be debt free.

### Dividend

The Board has resolved to declare an interim dividend of HK\$0.08 per share (2009 : HK\$0.08 per share), the same as last year. The interim dividend is payable on or about 4 November 2010 to equity holders on the share register as at 8 October 2010. The share register will be closed from 4 to 8 October 2010, both days inclusive.

## CORPORATE DEVELOPMENTS

In March, the Board announced that I, Peter JACKSON, would retire as Chief Executive Officer of AsiaSat on 31 July 2010, and then be appointed as Executive Chairman of the Company on 1 August 2010 and remain as an Executive Director of the Company until 31 July 2011. The Board noted that, in my new capacity of Executive Chairman, combined with the continuing role as Executive Director of the Company, I would maintain a strategic involvement in the Group and its success. After this transitional period, it is the current intention that I shall retire from the Group on 31 July 2011.

It was also announced that William WADE, previously Deputy Chief Executive Officer of AsiaSat and an Executive Director of the Company, would be appointed by the Board to succeed me as Chief Executive Officer of AsiaSat with effect from 1 August 2010.

# CHAIRMAN'S STATEMENT

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## OPERATIONS REVIEW

### New Satellite

#### AsiaSat 7

Construction of this new satellite by Space Systems/Loral in the U.S. is progressing on schedule towards its planned launch in late 2011. It is based on the powerful SS/L 1300 series satellite platform with its design and performance similar to that of our most recent satellite, AsiaSat 5.

### In-orbit Satellites

During the first six months of 2010, AsiaSat's fleet of four in-orbit satellites operated well and continued to deliver outstanding service to our customers.

Three of the Group's satellites 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 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 2010 was 71% (31 December 2009 : 71%).

**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 2010 was 62% (31 December 2009 : 68%).

**AsiaSat 5** was launched in August 2009 to replace AsiaSat 2 and commenced full service in October 2009. It is positioned at 100.5°E. The satellite carries 26 C-band and 14 Ku-band transponders and its overall utilisation rate as at 30 June 2010 was 61% (31 December 2009 : 54%).

**AMOS-5i** was launched originally as AsiaSat 2 in November 1995 and carries a payload of 24 C-band and 9 Ku-band transponders. This satellite is now contracted to Spacecom, the operator of the AMOS satellite fleet, for its exclusive use and has been re-named and re-positioned to 17°E, where it now serves the African continent.

The total number of transponders on the Group's satellites leased and sold as at 30 June 2010 was 85 (31 December 2009 : 85) with an overall utilisation rate of 65% (31 December 2009 : 65%). This figure includes the four BSS transponders that provide our DTH service.



# CHAIRMAN'S STATEMENT

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## NEW AND RENEWED CONTRACTS

In the first six months of 2010, a number of new contracts were secured with a total value of HK\$494 million (2009 : HK\$164 million) and renewed contracts were valued at HK\$266 million (2009 : HK\$250 million). Together, these amounted to HK\$760 million (2009 : HK\$414 million). It is pleasing that the bulk of this total came from new business generated during the period.

A contract of particular note was a multiple transponder agreement that we signed on 30 December 2009 with Vietnam Multimedia Corporation (VTC), Vietnam's leading national broadcaster and operator of digital broadcasting. VTC is using AsiaSat's high-powered Ku-band transponders to set up a new premium DTH platform supporting up to 30 High Definition (HD) and 70 Standard Definition (SD) television channels, country wide.

Other contracts included the distribution of the 2010 Winter Olympic Games in Vancouver to Asia and Australasia via AsiaSat 5; new Urdu and Sindhi language channels for Kawish TV Network (KTN) of Pakistan; and the renewal by China's official press agency, Xinhua News Agency, of its long-term Ku-band agreement.

World Cup fever and HD came together from 11 June to 11 July 2010 when Eurovision, the premier distributor of sports and news content for the world's top broadcasters and media platforms, leased additional C-band transponders on AsiaSat 5. This added capacity was needed to support the HD and SD broadcasts of all 64 FIFA World Cup tournament matches. The Eurovision signals from South Africa were transported via its dedicated fibre network to AsiaSat's Tai Po Earth Station in Hong Kong for uplink to AsiaSat 5, which provided broadcast coverage for the whole Asia-Pacific region.

## MARKET REVIEW

We indicated in our 2009 Annual Report that the satellite industry in Asia might escape the worst of the global economic downturn. This proved to be correct in the first half of 2010 and is demonstrated in the positive interim results.

While there is still more capacity in the market than demand, the broadcasting industry's requirements for satellite communications are traditionally more recession-proof than other sectors of the economy. They are also our primary demand driver. Today, as market leader in the Asia-Pacific region, AsiaSat serves over 100 broadcasters, delivering some 300 television channels region wide, and we continue to win new business.

# CHAIRMAN'S STATEMENT

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## MARKET REVIEW (CONTINUED)

We also continue to see growing regional demand for HDTV, and this represents an area of significant potential for AsiaSat as the region catches up with the more developed U.S. and European markets. In addition we are now seeing some early activity in Three Dimensional Television (3D TV) as it gains traction, and 3D TV sets are increasingly available in retail outlets across the region.

The growing number of new DTH satellite television and Internet Protocol Television (IPTV) platforms serving Asia gives further grounds for medium-term optimism. It is these platforms that are driving the launch of new television channels in the region, despite the sluggish economies. Regrettably, there are still regulatory barriers to free competition in certain regional DTH markets but we believe that, in due course, consumer demand and commercial considerations will result in governments lifting restrictions on foreign investment. This will further stimulate growth.

Underpinning AsiaSat's success and its future in Asia Pacific are the inherent advantages that satellites have over terrestrial broadcasting systems. In particular, satellites can achieve ubiquitous coverage to even the most remote areas. This allows them to provide backbone connections for internet and mobile telephony especially across wide-spread regions with disparate centres of population, as in our region. We believe that this driver will become increasingly relevant in the long term as governments of developing nations look to expand their communications infrastructure.

## BUSINESS DEVELOPMENT

### Subsidiaries

#### SpeedCast

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

For the first six months of 2010, the turnover of SpeedCast was HK\$95 million (2009 : HK\$71 million), an increase of 34%, and net profit was HK\$8 million (2009 : HK\$5 million). We are pleased with this company's positive growth.

#### DISH-HD Asia Satellite

DISH-HD Asia Satellite, a joint venture between AsiaSat and EchoStar Corporation, was formed in June 2009 to deliver DTH satellite television services in Taiwan and other targeted regional markets. The company officially launched its services in Taiwan in June 2010 and is currently providing its customers with a choice of 36 HD or enhanced SD channels.

For the first six months of 2010, DISH-HD Asia Satellite incurred a loss of some HK\$54 million (2009 : Nil), of which AsiaSat's share was approximately HK\$27 million (2009 : Nil).



# CHAIRMAN'S STATEMENT

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## OUTLOOK

The first half of 2010 was encouraging and, as we move into the second half, our core businesses continue to perform well. Core satellite revenue at 30 June 2010 was substantially up; our subsidiary, SpeedCast, is making excellent progress; and our new partnership with EchoStar is off to a good start. Behind these achievements is the reliability of AsiaSat's satellite fleet that delivers consistently high-quality service to our customers. This performance is recognised by the market as we continue to win industry awards for excellence.

I have referred to the recent global economic downturn and to the relatively low impact that it had on our industry and on AsiaSat in particular. That said, while not being complacent, we have full confidence in the services we provide as well as in our core financial strength, debt-free balance sheet and market-leading position. These assets will serve us well in the future.

## ACKNOWLEDGEMENTS

As I assume the new position of Executive Chairman, I would like to thank Sherwood DODGE for his leadership and valuable contribution to the Company while serving as Chairman of the Board since June 2009.

I would also like to thank the Board of Directors for their confidence in me and for their kind remarks in their March announcement. In turn, on behalf of the Board of Directors and the management and staff of the Company, I would like to congratulate William WADE on his appointment to Chief Executive Officer.

In conclusion, I thank our customers, suppliers and equity holders for their unfailing support and encouragement. I thank my fellow Directors for their valuable contribution, and I thank the staff members of the Group whose outstanding work and commitment is responsible for AsiaSat's continued market leadership in the Asia-Pacific region.

Peter JACKSON

*Executive Chairman*

Hong Kong, 19 August 2010

# CORPORATE GOVERNANCE

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## 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 information for the six months ended 30 June 2010 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 information for the six months ended 30 June 2010.

# CORPORATE GOVERNANCE

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

During the six months ended 30 June 2010, neither the Company nor any of its subsidiaries including the Trust, which was set up to administer the Company's Share Award Scheme, 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 2010, 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	Long or short position	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		
Peter JACKSON	Long position	645,224	—	—	—	—	—	645,224	0.16
William WADE	Long position	245,975	—	—	—	—	—	245,975	0.06
James WATKINS	Long position	50,000	—	—	—	—	—	50,000	0.01

## SUBSTANTIAL EQUITY HOLDERS

As at 30 June 2010, 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 <sup>(1)</sup> & <sup>(2)</sup>	74.43
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695 <sup>(1)</sup>	74.43
CITIC Group	Interest in controlled corporation	Long position	291,174,695 <sup>(1)</sup>	74.43
GE Pacific-3 Holdings, Inc.	Interest in controlled corporation	Long position	291,174,695 <sup>(2)</sup>	74.43
General Electric Company	Interest in controlled corporation	Long position	291,174,695 <sup>(2)</sup>	74.43

## OTHER INFORMATION

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### **SUBSTANTIAL EQUITY HOLDERS (CONTINUED)**

Notes:

- (1) Able Star Associates Limited ("Able Star") controls 50% of the voting rights of Bowenvale Limited ("Bowenvale"). Able Star is wholly-owned by CITIC Asia 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.
- (2) 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 4 to 8 October 2010 (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 4:30 p.m. on 30 September 2010. The interim dividend will be paid on or about 4 November 2010.

# MANAGEMENT

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## DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Turnover

Turnover for the period was HK\$690 million (2009 : HK\$545 million), an increase of HK\$145 million over the last period. The main increase was due to encouraging growth in our core business despite the continuing economic difficulties, revenue generated through a lease agreement for the exclusive use of AsiaSat 2 and the leasing of transponders to DISH-HD Asia Satellite, our Taiwan joint venture. In addition, our wholly-owned subsidiary, SpeedCast, also reported growth in revenue of around HK\$24 million.

#### Cost of Services

Cost of services was HK\$247 million (2009 : HK\$178 million), an increase of HK\$69 million, or 39%. The increase was largely due to a depreciation expense of AsiaSat 5 which was commissioned to depreciate in late 2009 while AsiaSat 2 was fully depreciated in early 2009.

#### Other Gains

The gain of HK\$18 million (2009 : HK\$13 million), an increase of HK\$5 million, was mainly due to interest income of HK\$13 million received from a customer, which is offset by a substantial drop of HK\$8 million in the interest income from bank deposits.

#### Administrative Expenses

Administrative expenses decreased to HK\$90 million (2009 : HK\$102 million). The decrease was mainly due to a drop in impairment provision of HK\$6 million for certain assets of a subsidiary recorded in the same period last year.

#### 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% (2009 : 16.5%) of the estimated assessable profit for the period. The Group's effective tax rate for the period was approximately 11% (2009 : 10%).

Overseas tax is calculated at approximately 7% 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 14 to the condensed consolidated interim financial information.



# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW (CONTINUED)

### Profit for the Period

Profit attributable to shareholders amounted to HK\$305 million (2009 : HK\$253 million), an increase of HK\$52 million. The increase in profit was due to steady growth in revenue, which was partially offset by the additional depreciation charge associated with our new satellite.

### Financial Results Analysis

The financial results are highlighted below:

		Six months ended 30 June		
		2010	2009	Change
Sales	HK\$M	690	545	+27%
Profit attributable to equity holders	HK\$M	305	253	+21%
Dividend	HK\$M	31	31	—
Capital and reserves	HK\$M	5,680	5,262	+8%
Earnings per share	HK cents	78	65	+20%
Dividend per share	HK cents	8	8	—
Dividend cover	Times	9.8	8.1	+20%
Return on equity holders' funds	Percent	5	5	—
Net assets per share – book value	HK cents	1,452	1,346	+8%

## LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group generated a net cash inflow of HK\$618 million (2009 : cash outflow of HK\$424 million) after paying capital expenditure of HK\$202 million (2009 : HK\$666 million) and dividends of HK\$125 million (2009 : HK\$121 million). As at 30 June 2010, the Group reported a cash and cash equivalents balance of HK\$2,102 million (31 December 2009 : HK\$1,484 million). The Group continues to be debt free.

## CAPITAL STRUCTURE

### Order Book

As at 30 June 2010, the value of contracts on hand amounted to HK\$2,992 million (31 December 2009 : HK\$3,003 million), of which approximately HK\$572 million will be recognised in the second half of this year. Almost all the contracts are denominated in U.S. Dollars.

# MANAGEMENT

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## DISCUSSION AND ANALYSIS

### **SIGNIFICANT INVESTMENTS, THEIR PERFORMANCE AND FUTURE PROSPECTS**

#### **SpeedCast**

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 2010, the turnover of SpeedCast was HK\$95 million (2009 : HK\$71 million), an increase of 34%. The company also recorded a net profit of HK\$8 million (2009 : HK\$5 million).

#### **DISH-HD Asia Satellite**

DISH-HD Asia Satellite, a joint venture between AsiaSat and EchoStar Corporation, was formed in June 2009 to deliver DTH satellite television services in Taiwan and other targeted regional markets. The company officially launched its services in Taiwan in June 2010 and is currently providing its customers with a choice of 36 HD or enhanced SD channels.

For the first six months of 2010, it incurred a loss of approximately HK\$54 million (2009 : Nil), of which AsiaSat's share was approximately HK\$27 million (2009 : Nil).

### **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 information.

### **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2010, the Group had 168 (31 December 2009 : 163) 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, share award scheme and fringe benefits that are comparable with the market.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## **EMPLOYEES AND REMUNERATION POLICIES (CONTINUED)**

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 2010 and 31 December 2009.

## **CAPITAL COMMITMENTS**

Details of the capital commitments of the Group are set out in note 15 to the condensed consolidated interim financial information.

As at 30 June 2010, the Group had total capital commitments of HK\$1,249 million (31 December 2009 : HK\$507 million), of which HK\$334 million (31 December 2009 : HK\$339 million) was contracted but not provided for in the financial information, and the remaining HK\$915 million (31 December 2009 : HK\$168 million) was authorised by the Board but not yet contracted.

## **GEARING RATIO**

As at 30 June 2010, 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 2010, 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 14 to the condensed consolidated interim financial information.

## STATEMENT OF FINANCIAL POSITION

		As at	
	Note	30 June 2010	31 December 2009
		Unaudited	Audited
		HK\$'000	HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Leasehold land and land use rights	6	21,575	21,866
Property, plant and equipment	5	3,807,272	3,823,914
Intangible assets	5	38,675	38,675
Unbilled receivable		128,711	137,553
Interest in a jointly controlled entity		120,460	132,058
Amount paid to tax authority		221,201	204,810
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>4,337,894</b>	<b>4,358,876</b>
		<hr/>	<hr/>
<b>Current assets</b>			
Tax recoverable		19,816	32,363
Inventories		3,543	3,741
Trade and other receivables	7	265,889	410,925
Cash and cash equivalents		2,101,869	1,483,712
		<hr/>	<hr/>
<b>Total current assets</b>		<b>2,391,117</b>	<b>1,930,741</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>6,729,011</b>	<b>6,289,617</b>
		<hr/>	<hr/>

The notes on pages 21 to 44 form an integral part of these condensed consolidated interim financial information.

## STATEMENT OF FINANCIAL POSITION

		As at	
	Note	30 June 2010	31 December 2009
		Unaudited	Audited
		HK\$'000	HK\$'000
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Ordinary shares	8	39,120	39,120
Reserves			
Retained earnings		5,630,338	5,449,879
Other reserves	9	10,474	7,553
		<b>5,679,932</b>	<b>5,496,552</b>
Non-controlling interests		1,308	1,378
<b>Total equity</b>		<b>5,681,240</b>	<b>5,497,930</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		239,335	220,537
Deferred revenue		117,064	122,504
Obligations under finance leases		7	7
Other amounts received in advance		159,052	—
Other payables		2,056	2,006
<b>Total non-current liabilities</b>		<b>517,514</b>	<b>345,054</b>
<b>Current liabilities</b>			
Construction payables		10,251	58,162
Other payables and accrued expenses		94,506	158,003
Deferred revenue		348,886	152,172
Obligations under finance leases		5	10
Current income tax liabilities		76,488	78,165
Dividend payable		121	121
<b>Total current liabilities</b>		<b>530,257</b>	<b>446,633</b>
<b>Total liabilities</b>		<b>1,047,771</b>	<b>791,687</b>
<b>Total equity and liabilities</b>		<b>6,729,011</b>	<b>6,289,617</b>
<b>Net current assets</b>		<b>1,860,860</b>	<b>1,484,108</b>
<b>Total assets less current liabilities</b>		<b>6,198,754</b>	<b>5,842,984</b>

The notes on pages 21 to 44 form an integral part of these condensed consolidated interim financial information.

## STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited	
		Six months ended 30 June	
		2010	2009
		HK\$'000	HK\$'000
Sales	4	689,776	544,861
Cost of services		(247,245)	(177,637)
<b>Gross profit</b>		<b>442,531</b>	367,224
Other gains, net		17,637	12,722
Administrative expenses		(90,289)	(101,728)
<b>Operating profit</b>	10	<b>369,879</b>	278,218
Finance costs		(51)	(56)
Share of losses of a jointly controlled entity		(27,198)	—
<b>Profit before income tax</b>		<b>342,630</b>	278,162
Income tax expense	11	(37,484)	(26,358)
<b>Profit and total comprehensive income for the period</b>		<b>305,146</b>	251,804
<b>Profit and total comprehensive income attributable to:</b>			
- equity holders of the Company		305,216	253,488
- non-controlling interests		(70)	(1,684)
		<b>305,146</b>	251,804
		<b>HK\$ per share</b>	HK\$ per share
<b>Earnings per share for profit attributable to the equity holders of the Company</b>			
- basic	12	0.78	0.65
- diluted	12	0.78	0.65
		<b>HK\$'000</b>	HK\$'000
<b>Interim dividend</b>	13	<b>31,296</b>	31,296

The notes on pages 21 to 44 form an integral part of these condensed consolidated interim financial information.



## STATEMENT OF CHANGES IN EQUITY

		Unaudited							
		Attributable to equity holders of the Company							
		Share capital	Share premium	Shares held under Share Award Scheme	Share-based payment reserve	Retained earnings	Total	Non-controlling interests	Total
Note		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	<b>Balance at 1 January 2009</b>	39,120	17,866	(9,440)	4,055	5,076,930	5,128,531	3,212	5,131,743
	<b>Total comprehensive income for the period</b>	–	–	–	–	253,488	253,488	(1,684)	251,804
	<b>Transactions with owners in their capacity as owners:</b>								
	Employees share award scheme:								
	- Shares held under Share Award Scheme	–	–	(939)	–	–	(939)	–	(939)
	- Share-based payment	–	–	–	2,440	–	2,440	–	2,440
	Final dividend relating to 2008 paid in May 2009	13	–	–	–	(121,271)	(121,271)	–	(121,271)
	Dividend for shares held by Share Award Trust	13	–	–	–	214	214	–	214
	<b>Total transactions with owners</b>	–	–	(939)	2,440	(121,057)	(119,556)	–	(119,556)
	<b>Balance at 30 June 2009</b>	39,120	17,866	(10,379)	6,495	5,209,361	5,262,463	1,528	5,263,991
	<b>Balance at 1 January 2010</b>	39,120	17,866	(15,886)	5,573	5,449,879	5,496,552	1,378	5,497,930
	<b>Total comprehensive income for the period</b>	–	–	–	–	305,216	305,216	(70)	305,146
	<b>Transactions with owners in their capacity as owners:</b>								
	Employees share award scheme:								
	- Share-based payment	–	–	–	2,921	–	2,921	–	2,921
	Final dividend relating to 2009 paid in May 2010	13	–	–	–	(125,183)	(125,183)	–	(125,183)
	Dividend for shares held by Share Award Trust	13	–	–	–	426	426	–	426
	<b>Total transactions with owners</b>	–	–	–	2,921	(124,757)	(121,836)	–	(121,836)
	<b>Balance at 30 June 2010</b>	<b>39,120</b>	<b>17,866</b>	<b>(15,886)</b>	<b>8,494</b>	<b>5,630,338</b>	<b>5,679,932</b>	<b>1,308</b>	<b>5,681,240</b>

The notes on pages 21 to 44 form an integral part of these condensed consolidated interim financial information.

## STATEMENT OF CASH FLOWS

	Unaudited	
	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
<b>Cash flows from operating activities:</b>		
- cash flow from operations	934,255	357,663
- taxes paid	(7,816)	(8,247)
	<hr/>	<hr/>
<b>Cash flows from operating activities – net</b>	<b>926,439</b>	<b>349,416</b>
	<hr/>	<hr/>
<b>Cash flows used in investing activities:</b>		
- purchases of property, plant and equipment	(202,280)	(665,540)
- proceeds on disposals of property, plant and equipment	619	348
- interest received	18,146	13,648
	<hr/>	<hr/>
<b>Cash flows used in investing activities – net</b>	<b>(183,515)</b>	<b>(651,544)</b>
	<hr/>	<hr/>
<b>Cash flows used in financing activities:</b>		
- dividends paid	(124,757)	(121,057)
- purchases of shares under Share Award Scheme	–	(939)
- repayment of obligations under finance leases	(5)	(51)
- interest paid	(5)	(12)
	<hr/>	<hr/>
<b>Cash flows used in financing activities – net</b>	<b>(124,767)</b>	<b>(122,059)</b>
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>618,157</b>	<b>(424,187)</b>
Cash and cash equivalents at beginning of the period	1,483,712	2,445,471
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of the period, representing bank balances and cash</b>	<b>2,101,869</b>	<b>2,021,284</b>
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The notes on pages 21 to 44 form an integral part of these condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

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

This condensed consolidated interim financial information is presented in thousands of Hong Kong Dollars, unless otherwise stated. This condensed consolidated interim financial information has been approved for issue on 19 August 2010.

This condensed consolidated financial information has not been audited.

**2. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

**3. ACCOUNTING POLICIES**

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2009, 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.

### 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 2010:

HKFRSs (Amendments)	Improvements to HKFRSs (2008 and 2009)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transaction
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distribution of Non-cash Assets to Owners

The adoption of these new and revised standards, amendments and interpretations did not result in any substantial changes to the accounting policies and financial statements of the Group.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

HKFRS 9	Financial Instruments <sup>2</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>1</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>1</sup>
HK(IFRIC) Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement <sup>1</sup>
HK(IFRIC) Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>1</sup>
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs (2010) <sup>1</sup>

<sup>1</sup> Effective for the Group for annual periods beginning on or after 1 January 2011

<sup>2</sup> Effective for the Group for annual periods beginning on or after 1 January 2013

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 information of the Group.

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**4. SALES AND SEGMENT INFORMATION**

**a) Sales:**

The Group's sales are analysed as follows:

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Income from provision of satellite transponder capacity		
- recurring	<b>580,570</b>	451,467
- non-recurring	<b>227</b>	11,128
Sales of satellite transponder capacity	<b>8,909</b>	8,291
Income from provision of broadband access services and sale of equipment	<b>94,941</b>	71,470
Other revenue	<b>5,129</b>	2,505
	<b>689,776</b>	544,861

**4. SALES AND SEGMENT INFORMATION (CONTINUED)****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:

- operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunication;
- provision of broadband access services; and
- provision of Direct-to-Home satellite television service through the jointly controlled entity.

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 the condensed consolidated statement of comprehensive income.

The amounts provided to the Chief Executive Officer with respect to total assets and total liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segments.

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



NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**4. SALES AND SEGMENT INFORMATION (CONTINUED)**

**b) Segment information (continued):**

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

	Six months ended 30 June 2010				
	Provision of satellite telecommunication systems for broadcasting and telecommunication	Broadband access services	Direct-to- Home satellite television service	Inter- segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	521,848	94,941	—	—	616,789
Sales to related parties (note 16)	67,858	—	—	—	67,858
Inter-segment sales	34,963	404	—	(35,367)	—
Other revenue	6,322	—	—	(1,193)	5,129
<b>Total</b>	<b>630,991</b>	<b>95,345</b>	<b>—</b>	<b>(36,560)</b>	<b>689,776</b>
Operating profit	361,528	8,351	—	—	369,879
Finance costs	(46)	(5)	—	—	(51)
Share of losses of a jointly controlled entity	—	—	(27,198)	—	(27,198)
Profit before income tax	361,482	8,346	(27,198)	—	342,630
Income tax expense	(37,484)	—	—	—	(37,484)
Profit for the period	323,998	8,346	(27,198)	—	305,146
Depreciation and amortisation	166,439	4,776	—	—	171,215
Interest income	16,848	—	—	—	16,848
Capital expenditure	147,046	7,812	—	—	154,858
<b>At 30 June 2010:</b>					
Interest in a jointly controlled entity	—	—	120,460	—	120,460
Total assets	6,544,816	75,748	120,460	(12,013)	6,729,011
Total liabilities	1,021,602	38,182	—	(12,013)	1,047,771

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**4. SALES AND SEGMENT INFORMATION (CONTINUED)**

**b) Segment information (continued):**

	Six months ended 30 June 2009				
	Provision of satellite telecommunication systems for broadcasting and telecommunication	Broadband access services	Direct-to- Home satellite television service	Inter- segment elimination	Consolidated
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Sales to external customers	461,441	71,470	—	—	532,911
Sales to related parties (note 16)	9,445	—	—	—	9,445
Inter-segment sales	30,810	—	—	(30,810)	—
Other revenue	3,374	—	—	(869)	2,505
<b>Total</b>	<b>505,070</b>	<b>71,470</b>	<b>—</b>	<b>(31,679)</b>	<b>544,861</b>
Operating profit	273,457	4,761	—	—	278,218
Finance costs	(44)	(12)	—	—	(56)
Profit before income tax	273,413	4,749	—	—	278,162
Income tax expense	(26,358)	—	—	—	(26,358)
<b>Profit for the period</b>	<b>247,055</b>	<b>4,749</b>	<b>—</b>	<b>—</b>	<b>251,804</b>
Depreciation and amortisation	117,362	4,317	—	—	121,679
Interest income	12,241	7	—	—	12,248
Capital expenditure	704,309	7,442	—	—	711,751
<b>At 30 June 2009:</b>					
Total assets	5,960,151	57,223	—	(15,377)	6,001,997
Total liabilities	716,096	37,287	—	(15,377)	738,006
<b>At 31 December 2009:</b>					
Interest in a jointly controlled entity	—	—	132,058	—	132,058
Total assets	6,105,091	65,412	132,058	(12,944)	6,289,617
Total liabilities	768,439	36,192	—	(12,944)	791,687

**4. SALES AND SEGMENT INFORMATION (CONTINUED)**

**b) Segment information (continued):**

The Group is domiciled in Hong Kong. The sales to customers in Hong Kong and Greater China for the six months ended 30 June 2010 are HK\$133,592,000 (for the six months ended 30 June 2009 : HK\$123,826,000) and HK\$80,848,000 (for the six months ended 30 June 2009 : HK\$68,903,000) respectively, and the total sales to customers in other countries is HK\$475,336,000 (for the six months ended 30 June 2009 : HK\$352,132,000).

For the purpose of classification, the country where the customer (both external customer and related party) 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 2010, sales of approximately HK\$94,982,000 (for the six months ended 30 June 2009 : HK\$95,013,000) are derived from a single external customer. These revenues are attributable to the provision of satellite telecommunication systems for broadcasting and telecommunication.

## INTERIM FINANCIAL INFORMATION

## 5. CAPITAL EXPENDITURE

	Intangible assets – Licences HK\$'000	Intangible assets – Goodwill HK\$'000	Property, plant and equipment HK\$'000
<b>Six months ended 30 June 2009</b>			
<b>Opening net book amount as at 1 January 2009</b>	1,246	38,675	2,681,287
Additions	–	–	711,751
Disposals	–	–	(108)
Impairment charge (note 10)	(1,166)	–	(2,781)
Depreciation and amortisation (note 10)	(80)	–	(121,599)
<b>Closing net book amount as at 30 June 2009</b>	–	38,675	3,268,550
<b>Six months ended 30 June 2010</b>			
<b>Opening net book amount as at 1 January 2010</b>	–	38,675	3,823,914
Additions	–	–	154,858
Disposals	–	–	(285)
Depreciation and amortisation (note 10)	–	–	(171,215)
<b>Closing net book amount as at 30 June 2010</b>	–	38,675	3,807,272

## 6. LEASEHOLD LAND AND LAND USE RIGHTS

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Opening net book amount as at 1 January	21,866	22,449
Amortisation of prepaid operating lease payments (note 10)	(291)	(291)
Closing net book amount as at 30 June	21,575	22,158

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**7. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	HK\$'000
Trade receivables	<b>112,508</b>	131,832
Trade receivables from related parties (note 16)	<b>76,481</b>	37,774
Less: provision for impairment of trade receivables	<b>(42,010)</b>	(31,109)
	<hr/>	<hr/>
Trade receivables – net	<b>146,979</b>	138,497
Other receivables	<b>70,286</b>	92,783
Other receivables from related parties (note 16)	<b>1,743</b>	5,071
Deposits and prepayments	<b>47,124</b>	176,514
Less: provision for impairment of other receivables	<b>(243)</b>	(1,940)
	<hr/>	<hr/>
	<b>265,889</b>	410,925
	<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:

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	HK\$'000
0 to 30 days	<b>58,494</b>	59,959
31 to 60 days	<b>20,897</b>	23,922
61 to 90 days	<b>25,169</b>	23,493
91 to 180 days	<b>33,416</b>	20,594
181 days or above	<b>9,003</b>	10,529
	<hr/>	<hr/>
	<b>146,979</b>	138,497
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**8. CAPITAL**

	Number of shares (thousands)	Ordinary shares HK\$'000
<b>Issued and fully paid</b>		
At 1 January 2009 and 30 June 2009	391,196	39,120
At 1 January 2010 and 30 June 2010	391,196	39,120

The total authorised number of ordinary shares is 550,000,000 shares (2009 : 550,000,000 shares) with a par value of HK\$0.10 per share (2009 : HK\$0.10 per share).

**Share Award Scheme**

The Share Award Scheme was approved to be established by the Board on 22 August 2007. Details of the Scheme were set out in note 15 to the 2009 annual financial statements.

Movement in the number of Award Shares is as follows:

	2010 Number of Award Shares	2009 Number of Award Shares
<b>At 1 January and 30 June</b>	<b>2,012,498</b>	1,158,101

Movement in the number of shares held under Share Award Scheme is as follows:

	2010		2009	
	Value HK\$'000	Number of shares held	Value HK\$'000	Number of shares held
<b>At 1 January</b>	<b>15,886</b>	<b>1,331,190</b>	9,440	690,720
Purchase during the period	—	—	939	106,000
<b>At 30 June</b>	<b>15,886</b>	<b>1,331,190</b>	10,379	796,720

The remaining vesting periods of the Award Shares outstanding as at 30 June 2010 are between 1 year to 4 years.

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**9. OTHER RESERVES**

	Share premium HK\$'000	Share-based payment reserve HK\$'000	Shares held under Share Award Scheme HK\$'000	Total HK\$'000
<b>At 1 January 2009</b>	17,866	4,055	(9,440)	12,481
Share-based payment	—	2,440	—	2,440
Purchases of shares under Share Award Scheme	—	—	(939)	(939)
<b>At 30 June 2009</b>	17,866	6,495	(10,379)	13,982
<b>At 1 January 2010</b>	17,866	5,573	(15,886)	7,553
Share-based payment	—	2,921	—	2,921
<b>At 30 June 2010</b>	17,866	8,494	(15,886)	10,474

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**10. OPERATING PROFIT**

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

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Interest income	16,848	12,248
Net gain on disposals of property, plant and equipment other than transponders	334	240
Others	455	234
	<hr/>	<hr/>
Other gains, net	17,637	12,722
	<hr/>	<hr/>
Salary and other benefits, including directors' remuneration	61,933	57,412
Pension costs – defined contribution plans	3,080	3,046
	<hr/>	<hr/>
Total staff costs	65,013	60,458
	<hr/>	<hr/>
Auditors' remuneration	675	732
Provision for impairment		
- Intangible assets – Licences (note 5)	–	1,166
- Property, plant and equipment (note 5)	–	2,781
- Trade receivables	10,901	11,280
- Other receivables (note 7)	243	1,943
Depreciation and amortisation (note 5)		
- Intangible assets – Licences	–	80
- Property, plant and equipment	171,215	121,599
Operating leases		
- Premises	4,876	4,666
- Leasehold land and land use rights (note 6)	291	291
Net exchange loss	289	1,543
	<hr/>	<hr/>



NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**11. 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% (2009 : 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 7% to 20% of the gross revenue earned in certain overseas jurisdictions.

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Current income tax		
- Hong Kong profits tax	12,784	11,985
- Overseas taxation	5,902	4,838
Deferred income tax charge	18,798	9,535
	<hr/>	<hr/>
	37,484	26,358
	<hr/>	<hr/>

The Group currently has a tax case in dispute with the Indian tax authorities. Details of this are set out in note 14.

## INTERIM FINANCIAL INFORMATION

### 12. 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	
	2010	2009
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	<b>305,216</b>	253,488
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	<b>389,864</b>	390,503
Basic earnings per share (HK\$ per share)	<b>0.78</b>	0.65

The weighted average number of ordinary shares shown above was determined after deducting the shares held under the Share Award Scheme.

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**12. EARNINGS PER SHARE (CONTINUED)**

**Diluted**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has restricted shares under the Share Award Scheme which would have a dilutive effect. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of outstanding restricted shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the restricted shares being fully vested.

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	<b>305,216</b>	253,488
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	<b>389,864</b>	390,503
Effect of unvested awarded shares (in thousands)	<b>1,163</b>	949
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	<b>391,027</b>	391,452
Diluted earnings per share (HK\$ per share)	<b>0.78</b>	0.65

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**13. DIVIDENDS**

	Six months ended 30 June	
	<b>2010</b>	2009
	<b>HK\$'000</b>	HK\$'000
Dividends paid		
Final dividend paid for the year ended		
31 December 2009 of HK\$0.32 per share		
(final dividend paid for the year ended		
31 December 2008 of HK\$0.31 per share)	<b>125,183</b>	121,271
Less: Dividend for shares held by Share Award Trust	<b>(426)</b>	(214)
	<b>124,757</b>	121,057
Dividends declared		
Interim dividend for the six months ended		
30 June 2010 of HK\$0.08 per share		
(interim dividend for the six months ended		
30 June 2009 of HK\$0.08 per share)	<b>31,296</b>	31,296

An interim dividend of HK\$0.08 per share (2009 : HK\$0.08 per share) was proposed by the Board of Directors on 19 August 2010. It is payable on or about 4 November 2010 to shareholders who are on the register on 8 October 2010. This interim dividend, amounting to HK\$31,296,000 (2009 : HK\$31,296,000), has not been recognised as a liability in this interim financial information. It will be recognised in shareholders' equity as an appropriation of retained earnings in the year ending 31 December 2010.

#### **14. 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 the 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.

As at 30 June 2010, the Indian tax authorities have assessed the Group for tax in respect of the assessment years 1997-98 to 2005-06 of a total sum of INR1,642 million (equivalent to approximately HK\$285 million). The Group has filed appeals for all the assessment years concerned.

The Indian tax authorities issued draft assessment orders for the assessment years 2006-07 and 2007-08 in December 2009. However, there was no demand of tax under the draft assessment orders. The Group has filed objections in respect of each of the two draft assessment orders before the Dispute Resolution Panel ("DRP"), a unit within the Indian tax authorities which is newly set up to handle tax disputes. There will be no demand of tax from the Indian tax authorities until the draft assessment orders for both years have been finalised by the DRP after considering the Group's objections which was still pending as at 30 June 2010.

No assessment has yet been made for the assessment years 2008-09 or 2009-10.

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 in New Delhi. The Group has also filed an appeal before the High Court in January 2009 against the order of the Tribunal on the issue of quantification of income. This appeal has also been admitted by the High Court. The hearings at the High Court commenced in November 2009 and were completed in July 2010. The hearings are now pending for the High Court's decision. Based on the consultation with two independent senior Indian counsels and an Indian tax advisor, the Group is of the view that it has strong grounds to successfully argue before the Indian Courts that it is not liable to tax in India. Accordingly, no provision has been recognised for Indian tax in the Group's financial statements.

In order to obtain a stay of recovery proceedings in respect of demand of interest, the Group has made total payments of INR1,260 million (equivalent to approximately HK\$221 million) as at 30 June 2010 and has recorded these payments as an asset on the assumption that the amounts are recoverable.

## 15. COMMITMENTS

### Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	HK\$'000
AsiaSat 7		
Contracted but not provided for	<b>330,655</b>	333,869
Authorised but not contracted for	<b>914,414</b>	167,442
Other assets		
Contracted but not provided for	<b>3,525</b>	5,506
	<b>1,248,594</b>	506,817

### Operating lease commitments – as lessee

The Group leases certain of its office and residential premises under non-cancellable operating lease agreements. The lease terms are between 2 to 4 years, and the majority of lease arrangements are renewable at the end of the lease period at market rate. The lease expenditure charged to the condensed consolidated statement of comprehensive income during the period is disclosed in note 10.

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

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	HK\$'000
Not later than 1 year	<b>9,726</b>	13,230
Later than 1 year and not later than 5 years	<b>2,094</b>	7,092
	<b>11,820</b>	20,322

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

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**15. COMMITMENTS (CONTINUED)**

**Operating lease commitments – as lessor**

The Group leased its premises to certain customers under non-cancellable operating leases. The lease terms are between 1 to 4 years. The lease income recognised in the condensed consolidated statement of comprehensive income during the period was HK\$1,487,000 (2009 : HK\$719,000).

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

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	HK\$'000
No later than 1 year	<b>1,973</b>	2,208
Later than 1 year and not later than 5 years	<b>3,660</b>	4,646
	<hr/> <b>5,633</b> <hr/>	<hr/> 6,854 <hr/>

## 16. RELATED-PARTY TRANSACTIONS

At 30 June 2010, the Company was directly controlled by Bowenvale Limited (incorporated in the 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), which have equal voting rights in the Company. The remaining 25.57% of the Company's shares were held by the public.

The following transactions were carried out with related parties:

### a) 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 by CITIC Networks), under which CITIC Networks through CITICSat granted a right to the Group to provide satellite transponder leasing service in China.

The Group has also entered into agreements for the provision of satellite transponder capacity to Power Star Limited, a subsidiary of the jointly controlled entity.

During the period, the Group recognised income from the related parties as follows:

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
CITICSat	52,258	9,445
Power Star Limited	15,600	—
	<hr/>	<hr/>
Total (note 4b)	67,858	9,445
	<hr/>	<hr/>



**16. RELATED-PARTY TRANSACTIONS (CONTINUED)**

**b) Income from broadcast support services**

The Group has entered into an agreement for the provision of broadcast support services to Power Star Limited for the Direct-to-Home business.

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Power Star Limited	<b>2,288</b>	–

**c) Marketing expenses**

Pursuant to the transponder master agreement mentioned in (a) above, CITICSat conducts marketing activities in China on behalf of the Group. In return, the Group reimburses the expenditure that CITICSat incurs plus a marketing fee, which is collectively known as the marketing expenses payable to CITICSat.

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
CITICSat	<b>5,386</b>	3,323

NOTES TO THE CONDENSED CONSOLIDATED  
**INTERIM FINANCIAL INFORMATION**

**16. RELATED-PARTY TRANSACTIONS (CONTINUED)**

**d) Key management compensation**

	Six months ended 30 June	
	2010	2009
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	25,384	23,731
Share-based payment	1,928	1,174
	<u>27,312</u>	<u>24,905</u>

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

	Six months ended 30 June	
	2010	2009
	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 INFORMATION**

**16. RELATED-PARTY TRANSACTIONS (CONTINUED)**

**e) Period/Year-end balances arising from these transactions**

	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	HK\$'000
Trade receivables from related parties (note 7):		
CITIC Guoan Information Industry Company Limited	—	821
CITICSat	<b>76,481</b>	36,953
	<hr/>	<hr/>
	<b>76,481</b>	37,774
	<hr/>	<hr/>
	<b>30 June 2010</b>	31 December 2009
	<b>HK\$'000</b>	HK\$'000
Other receivables from related parties (note 7):		
DISH-HD Asia Satellite Limited	<b>1,743</b>	5,071
	<hr/>	<hr/>
Loan to a jointly controlled entity:		
DISH-HD Asia Satellite Limited	<b>23,400</b>	7,800
	<hr/>	<hr/>
Payables to related parties:		
CITICSat	<b>5,169</b>	3,196
	<hr/>	<hr/>
Deferred revenue in relation to related parties:		
CITICSat	<b>60,140</b>	40,703
	<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.

**17. EVENT AFTER THE REPORTING PERIOD**

Save as disclosed in other notes to the Condensed Consolidated Interim Financial Information, there have been no other material events occurring after the reporting date.

REPORT ON REVIEW OF  
**INTERIM FINANCIAL INFORMATION**

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**PRICEWATERHOUSECOOPERS**  
羅兵咸永道會計師事務所

PricewaterhouseCoopers  
33/F, Cheung Kong Center  
2 Queen's Road Central  
Hong Kong  
Telephone (852) 2289 8888  
Facsimile (852) 2810 9888  
www.pwchk.com

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 16 to 44, 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 2010 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 requires 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.

## INTERIM FINANCIAL INFORMATION

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### 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, 19 August 2010

# SHAREHOLDER INFORMATION

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## 2010 FINANCIAL CALENDAR

Interim results announcement	19 August 2010
Last day to register for 2010 interim dividend	30 September 2010
Book closure period	4 October – 8 October 2010
Interim dividend payment	4 November 2010
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 2010: 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

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## INTERIM REPORT 2010

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:

Manager, Corporate Affairs  
Asia Satellite Telecommunications Holdings Limited  
19th Floor, Sunning Plaza  
10 Hysan Avenue  
Causeway Bay  
Hong Kong  
Telephone : (852) 2500 0880  
Facsimile : (852) 2500 0895  
Email : [wpang@asiasat.com](mailto:wpang@asiasat.com)

## INVESTOR RELATIONS CONTACT

The Office of the Chief Executive Officer  
Asia Satellite Telecommunications Holdings Limited  
19th Floor, Sunning Plaza  
10 Hysan Avenue  
Causeway Bay  
Hong Kong  
Telephone : (852) 2500 0808  
Facsimile : (852) 2882 4640  
Email : [wwade@asiasat.com](mailto:wwade@asiasat.com)