

Artists impression of the ABS-1 in the 75°E position. Photo courtesy of ABS.

# Strategic growth and development

Asia Broadcast Satellite (ABS) was established to meet the growing demands of broadcast and telecommunications operators in the Indian Ocean Region. Headquartered in Hong Kong, ABS serves a global customer base with representatives in Asia, the Middle East, Europe and North America. Helen Jameson speaks to Tom Choi, Co-Founder and CEO of ABS.



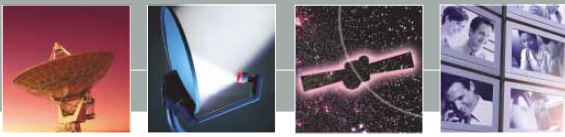
**Question:** Many thanks for your time today. Would you mind giving us a brief introduction of yourself and Asia Broadcast Satellite for our readers?

**Tom Choi:** I have personally been involved

with the satellite, aerospace and satellite communications industry for all of my career. After receiving a degree in Aerospace Engineering, I began my career at Rockwell International as an aerospace engineer. Soon

after, I joined Hughes Electronics as a marketing executive and settled at the Hughes Communications International division for over five years. HCI was the company that created multitudes of various satellite service companies. Within HCI, my principle responsibility was the business development for Spaceway for the Asia-Pacific. After I left HCI in 1999, I created a satellite service company called SpeedCast as a joint-venture with AsiaSat. I left SpeedCast in 2005 to create Asia Broadcast Satellite (ABS) in a partnership with Citi Venture Capital Internal (CVC1).

As the first transaction, ABS acquired a company called Lockheed Martin Intersputnik (LMI) from Lockheed Martin Global Telecommunications (LMGT). LMI (now



renamed to ABS) and no longer affiliated with Lockheed Martin) owned and operated a single satellite (LMI-1 now renamed to ABS-1) in the 75°E position. Due to its complexity and parties involved including the US government, the transaction took over two years to negotiate and complete. The Transaction closed last September. Since then, we have grown the company to a staff of 30 employees. In one year we have increased our sales 300 percent and our capacity is nearly 60 percent full. We expect full utilization by end of Q1 2008.

**Question: I read your press release on the selection of Space Connection as your prime occasional use service provider. Can you tell us what Space Connection will be doing to support Asia Broadcast Satellite and the benefits they will bring?**

**TC:** I believe Space Connection is one of the largest global providers of occasional use services. They bring enormous amounts of revenue to companies such as Intelsat and others. Space Connection is looking to expand into Asia for occasional use traffic. The big suppliers of occasional use services are the news agencies and sports management companies that are based in Europe and North America where we currently do not have a presence.

Working with Space Connection, allows us to expand the reach of our potential customer base as well as providing new applications without having to make an internal investment in terms of capital resources. Space Connections is the leader in occasional use services and they have access to the customer base, so we felt that it was strategic for our capacity to be marketed by them and they can provide us with additional revenue that we previously did not have access to before.

**Question: ABS-1 provides coverage of 80 percent of the world's population. Of the continents you provide coverage to which are the most significant markets to Asia Broadcast Satellite?**

**TC:** Right now, there is a tremendous amount of growth in many parts of the region. We are strategically located because we can see all of Asia, the Indian subcontinent, CIS countries, Eastern Europe, the Middle East and most of Africa. I think that the most significant markets for us are the African, Middle Eastern, and Eastern European countries because that is where we see a lot of growth in consumption occurring. But investments in satellite capacity have not been so forthcoming in those areas in the past ten years. We are also seeing significant growth in Southeast Asia and Russia where there is a high demand for additional capacity.

**Question: Asia Broadcast Satellite offers a real variety of services from DTH to**

**VSAT. Which services are the most popular and where do you envisage growth for the company in 2007-8?**

**TC:** We see big potential in Southeast Asia where the satellite mobile back-haul business is exploding. Video business in the developing countries of South and Southeast Asia is also taking off. There is an abundance of new TV channels coming out of all these countries so we see big growth for video, DTH and TV distribution in South Asia. There is a tremendous business for Cellular backhaul services across all of Asia. We are seeing significant demand for VSAT operations and DTH in the Middle East, as well as a growing need for telecommunications and trunking applications in Africa.

**Question: The Asian market is a very dynamic and exciting one and is leading the world in terms of new developments such as Mobile TV. What do you think makes Asia a leader in technological advancements?**

**TC:** Well I think that would depend on what technology you are referring to. I believe that in the area of Direct to Home television services, the UK as well as the rest of Europe and North America are leading in terms of service offerings, middleware, interactivity, and High Definition TV programming. In terms of DTH services, Asia is lagging behind North America and Europe. However, in terms of other areas such as mobile communications, mobile adoption in Asia is much faster in terms of total growth only because Asia has the biggest population base compared with North America and Europe. Asia is over three billion and North America and Europe are less than one billion in population. The teledensity in Asia-Pacific is relatively lower, it's less than 20 percent or in other words the number of telephone handsets per household is less than 20 percent. This is the average across Asia so there is a communications gap throughout the region. As a result, it's much easier for mobile networks to be deployed, therefore in the areas of mobile communications or mobile TV, Asia is more interesting – it's growing faster only because that may be the only means of communications.

The end result means more revenues for the operators. The operators in Asia also have the benefit of not having to pay cash for frequency fees like the European operators have had to do. Many of these countries are now facing incredible competition like in North America and Europe. In Asia, they are enjoying higher growth, higher cash flow and less competition so that money can be poured back into investment in new services and technologies. I believe that is why Asia is leading in the global community.

**Question: What are the benefits for Asia Broadcast Satellite being Headquartered**

*" We see big potential in Southeast Asia where the satellite mobile back-haul business is exploding. Video business in the developing countries of South and Southeast Asia is also taking off."*

**in Hong Kong?**

**TC:** We have a number of different entities and subsidiaries organized under our holding company. Our Hong Kong operating company is primarily organized as a service company to house our offices and a number of our key management and support staff; however, we also have operations outside of Hong Kong. For example our TT&C is done by Lockheed for us in Pennsylvania. We have our Customer Support and Monitoring centre in Malaysia, which is organized as a subsidiary. We also have most of our salespeople abroad. The decision to be headquartered in Hong Kong was made for two fundamental reasons. First, all of our principal investors are based in Hong Kong. Second, we are running a very international company with international employees of varying nationalities and we want to be located in a jurisdiction that promotes business and enables foreigners to conduct business freely without imposing immigration restrictions for our employees coming from abroad. Hong Kong also represents a financial and transportation hub for Asia, thus it was naturally the best place for us to run an international organisation.

**Question: Can you tell us of any new developments you are planning for 2007/8?**

**TC:** We are anticipating to fill our capacity on ABS-1 by the late 2007 / early 2008. We are also negotiating quite intensely with a few other satellite operators to help market their capacity in the interim while we await the launch of ABS-2 in 2010. We are currently in the process of finalizing our business plan and internal discussions with our shareholders for the launch of ABS-2 and working to conclude our satellite procurement with the various manufacturers and launch providers. The planning and procurement of ABS-2 is a big priority for us. In addition, we are always exploring future mergers and acquisition opportunities that are strategic to the growth and expansion of our company and its business. ■