Reaching Further, Bringing You Closer

2014 ANNUAL REPORT

Asia Satellite Telecommunications Holdings Limited

Stock Code: 1135

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 six satellites that are located in prime geostationary positions over the Asian landmass and provide access to two-thirds of the world's population.

OUR VISION
To be the foremost satellite solution provider in Asia and the instinctive and desired partner of choice.

www.asiasat.com

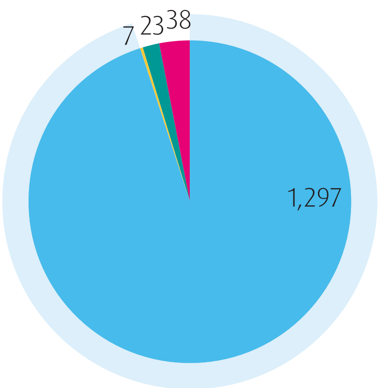
Contents

Financial Highlights

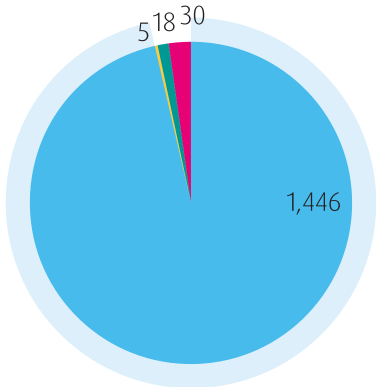
		2014	2013	Change
Turnover	HK$M	**1,365**	1,499	–9%
Profits attributable to owners of the Company	HK$M	**559**	748	–25%
Dividend	HK$M	**223**	947	–76%
Capital and reserves	HK$M	**7,107**	7,522	–6%
Earnings per share	HK cents	**143**	191	–25%
Dividend per share	HK cents	**57**	242	–76%
Dividend cover	Times	**2.5**	0.8	213%
Return on equity	Percent	**8**	10	–2%
Net assets per share — book value	HK cents	**1,817**	1,923	–6%

ANALYSIS OF TURNOVER BY NATURE (HK$M)

2014



2013



Income from provision of satellite transponder capacity

- Recurring
- Non-recurring
- Sales of satellite transponder capacity
- Other revenues

Corporate Information

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sherwood P. DODGE *(re-designated from Deputy Chairman to Chairman on 1 January 2014)*

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

JU Wei Min *(re-designated from Chairman to Deputy Chairman on 1 January 2014)*

EXECUTIVE DIRECTOR

William WADE *(President and Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

LUO Ning
Peter JACKSON
John F. CONNELLY
Nancy KU

ALTERNATE DIRECTOR

CHONG Chi Yeung *(Alternate to Luo Ning)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Stephen LEE Hoi Yin
Kenneth McKELVIE
James WATKINS
Maura WONG Hung Hung

AUDIT COMMITTEE

Kenneth McKELVIE *(Chairman)*
Stephen LEE Hoi Yin
James WATKINS
Maura WONG Hung Hung
JU Wei Min *(Non-voting)*
Nancy KU *(Non-voting)*

COMPLIANCE COMMITTEE

James WATKINS *(Chairman)*
Sherwood P. DODGE
Peter JACKSON
William WADE
Stephen LEE Hoi Yin
Kenneth McKELVIE

NOMINATION COMMITTEE

Maura WONG Hung Hung *(Chairman)*
JU Wei Min
Sherwood P. DODGE
Stephen LEE Hoi Yin
James WATKINS

REMUNERATION COMMITTEE

Stephen LEE Hoi Yin *(Chairman)*
Peter JACKSON
John F. CONNELLY
Kenneth McKELVIE
Maura WONG Hung Hung

COMPANY SECRETARY

Sue YEUNG

AUTHORISED REPRESENTATIVES

William WADE
Sue YEUNG

AUDITORS

PricewaterhouseCoopers

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Standard Chartered Bank (Hong Kong) Limited

OTHER BANKERS

China Construction Bank (Asia) Corporate Limited
DBS Bank Limited (Hong Kong Branch)

PRINCIPAL SOLICITORS

Mayer Brown JSM

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE

12/F., Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Chairman's Statement

A YEAR OF TRANSITION AND CHALLENGE

2014 was a year of transition for AsiaSat. We launched two new satellites, AsiaSat 6 and AsiaSat 8, which increased our fleet from four to six and our transponder capacity by 22%. These satellites support our strategy by adding high power C and Ku-band capacity in the key growth markets of South Asia and China and enhancing our ability to address new technologies and applications. We look forward to receiving the required licences and putting them into service in 2015. Highlights of the year included our support of major sporting events, ranging from the Winter Olympics in Sochi to the FIFA World Cup in Brazil, as well as the role we played as a key member of an Asian satellite industry group preparing for the World Radiocommunication Conference to be held this year.

It was also a challenging year, in which we contended with an increasingly competitive market and deferred revenues resulting from the delays in the launches of AsiaSat 6 and AsiaSat 8.

Challenges for the Industry

In 2014, the world economy remained sluggish across many of our markets and government support for telecommunications and broadcasting projects weakened, particularly in the Middle East. In addition, the surplus capacity created by increased supply and government cutbacks caused prices to soften in most of the major markets we serve.

FINANCIAL PERFORMANCE

Turnover

Turnover for 2014 was HK$1,365 million (2013: HK$1,499 million), representing a decrease of 9% from the previous year. As described in the interim report, the decline was mainly due to a renewal and extension in 2013 of agreements with a major customer which resulted in a significant reduction in rates with the full-year impact not being felt until 2014, as well as the termination of several contracts associated with the reduction in U.S. military activity in the Middle East. In addition, the short-term revenue generated by AsiaSat 7 prior to its replacing AsiaSat 3S was substantially less in 2014 than in 2013.

Operating Expenses

Operating expenses in 2014, excluding depreciation, totalled HK$260 million (2013: HK$191 million), representing an increase of 36% compared with the previous year. The increase was mainly the result of an exchange loss arising from conversion of Renminbi compared with a conversion gain in the previous year, a larger impairment charge on trade debtors and higher professional fees incurred during the year. Excluding these three factors, operating expenses increased by approximately 5% as compared to 2013.

Finance Expenses

Finance expenses from the Ex-Im bank loans incurred from March 2014 amounted to HK$50 million (2013: Nil), of which HK$47 million (2013: Nil) was capitalised as part of the cost of AsiaSat 6 and AsiaSat 8.

Depreciation

Depreciation was HK$467 million (2013: HK$437 million), representing an increase of HK$30 million mainly resulting from the full year depreciation of AsiaSat 7 during 2014.

Profit

Profit attributable to owners of the Company for 2014 was HK$559 million (2013: HK$748 million), a decrease of HK$189 million. The decline was due to the lower turnover, higher depreciation and higher operating expenses mentioned above.

Cash Flow

The Group generated a net cash inflow, including the movement in short-term bank deposits with maturities over three months, of HK$1,849 million in 2014 (2013: outflow of HK$623 million). The most significant elements of the 2014 cashflow were the proceeds of drawdowns of the Ex-Im bank loans totalling HK$2,173 million (2013: Nil), net cash from operations of HK$1,012 million (2013: HK$1,203 million), reimbursement from Thaicom for their share of capacity of AsiaSat 6 of HK$636 million (2013: Nil), capital expenditures of HK$1,024 million (2013: HK$1,074 million) and dividends of HK$969 million (2013: HK$750 million). As at 31 December 2014, the Group had cash and bank balances of HK$3,346 million (31 December 2013: HK$1,501 million). With the cash and bank balances exceeding the bank borrowings, the Group had a net cash position of HK$1,163 million as at 31 December 2014 (31 December 2013: HK$1,501 million).

Dividends

For the year 2014 the Board will recommend a final dividend of HK$0.39 per share (2013: a final dividend of HK$0.80 per share and a special dividend of HK$1.50 per share) in the forthcoming Annual General Meeting to be held on 24 June 2015. This, together with the interim dividend of HK$0.18 per share (2013: HK$0.12 per share), gives a total 2014 dividend of HK$0.57 per share (2013: HK$2.42 per share) for the year ended 31 December 2014.

Core Business Performance

New contracts won during the year amounted to a total value of HK$357 million (2013: HK$617 million). The decline in new contracts was the result of intense competition and our lack of capacity in relation to some customer requirements. Renewed contracts were HK$575 million (2013: HK$658 million). Combined new and renewed contracts amounted to HK$932 million (2013: HK$1,275 million).

POSSIBLE NEW LOANS FOR A SPECIAL INTERIM DIVIDEND

On 23 December 2014, it was announced that a fund managed by Carlyle Asia Partners IV (Carlyle) would acquire General Electric's stake in the Company.

As mentioned in the joint announcement, subject to the approval of the Board in due course, the Company will pay a special interim dividend out of the Company's retained reserves not to exceed US$600 million or HK$11.89 per share to the shareholders following the completion of this acquisition. It is proposed that the Company enters into a dividend facility with a syndication of banks for an amount of not to exceed US$240 million to fund a portion of this special interim dividend.

SATELLITES

AsiaSat's fleet of satellites continued to perform well throughout the year.

With the launches of two new satellites in 2014, the Company's existing fleet of in-orbit satellites now stands at six — AsiaSat 3S, AsiaSat 4, AsiaSat 5, AsiaSat 6, AsiaSat 7 and AsiaSat 8. AsiaSat 6 and AsiaSat 8 have not been commissioned for service as appropriate licences have not been issued for their intended operations.

Customers of AsiaSat 3S were successfully transferred at the end of March 2014 to AsiaSat 7 at the orbital location of 105.5 degrees East. Having reached the end of its scheduled life, AsiaSat 3S has the potential to last another six to seven years in inclined orbit, providing continued but limited service.

AsiaSat 5 continued to be the preferred distribution platform for sporting events such as the Winter Olympics in Sochi, the Asian Games in Incheon, Korea, the Nanjing Youth Olympic Games, the Australian Open tennis tournament and the 2014 FIFA World Cup in Brazil. For this latter event, we brought football fans in Asia the first-ever live telecast of this sporting event in 4K or Ultra High Definition Television (UHDTV) along with full High Definition Television (HDTV) coverage of all 64 World Cup matches.

Although the launches of AsiaSat 6 and AsiaSat 8 were delayed, both satellites were successfully put into orbit on 7 September and 5 August 2014 respectively. These new satellites will provide additional C and Ku-band capacity enabling us to better serve existing markets in China and South Asia, and will offer opportunities for growth in new markets.

AsiaSat 6 has new 28 C-band transponders at a new orbital location of 120 degrees East. In December 2011, we concluded an agreement with Thaicom Public Company Limited (Thaicom) of Thailand, which will take up 50% of the capacity of this satellite. The primary use of the remaining 14 C-band transponders will be to service the requirements of the China market.

SATELLITES (CONTINUED)

AsiaSat 8 offers 24 additional Ku-band transponders at 105.5 degrees East and is collocated with AsiaSat 7. AsiaSat 8 is designed to provide high-powered capacity for services in China, India, the Middle East and Southeast Asia, and will address the market demand for DTH, as well as distance learning and medicine, in-flight internet connectivity, mobile broadband access and maritime communications.

AsiaSat 9 remained on track for completion by late 2016 or early 2017. It will replace AsiaSat 4 at 122 degrees East, where it will serve existing customers whilst increasing capacity at that orbital slot. The additional Ku-band transponders on this satellite will enable us to serve markets in China, Australia, Mongolia and Indonesia.

The total number of transponders leased or sold as at 31 December 2014 increased to 100 from 97 as at 31 December 2013. The overall utilisation rate for the year increased to 75% as at 31 December 2014 (2013: 74%). The utilisation rate excludes AsiaSat 6 and AsiaSat 8 which are not yet in service.

New Customers

During the year, AsiaSat secured a number of new customers which broadcast sporting events, deliver multiple radio channels and offer television services in various languages to a region which stretches from the Middle East to Australasia. We were also able to secure contracts with Chinese customers in 2014 including telecom operators, VSAT service providers, public utilities, oil and gas companies, securities and finance firms and government agencies.

MARKET REVIEW

The Regulatory Perspective

We operate in multiple countries and markets across the region. In some markets, we face challenges from the national satellite operators who benefit from their domestic telecom and tax regulations. These regulations create competitive headwinds. However regulations are improving in some countries and licences for new television and telecommunications applications are being issued.

The Technology Perspective

AsiaSat is well placed to benefit from the continuing advancement in satellite technology. HDTV usage continues to grow in the more affluent markets of Asia. Our fleet of satellites offers high power Ku-band coverage over key television markets, enabling us to meet the increasing demand for HDTV services across the region.

4K, or UHDTV, is another promising new technology. We believe 4K will come to Asia over the next three to four years, driven mainly by advances in television, cameras and other consumer electronic hardware.

MARKET REVIEW (CONTINUED)

The Technology Perspective (continued)

Users are viewing and downloading more high quality video content and more bandwidth applications are emerging requiring higher throughput and faster speeds. Consequently, we are experiencing a growing need for satellites to provide increased bandwidth. One solution for addressing this need is the deployment of High Throughput Satellites (HTS).

We are evaluating this technology for our market, particularly for enterprise services such as maritime, mining and mobile applications, as well as private networks with a need for high throughput. Although the market potential of HTS is not clear at the present time, HTS will eventually come to Asia and will ultimately have a significant impact on satellite delivery.

The Industry Perspective

Industry conferences and exhibitions allow AsiaSat to showcase our satellite expertise and skill-set. During the year, we continued to be very active in industry conferences, exhibitions and speaking engagements organised by leading international and regional industry associations including CASBAA, Asia-Pacific Broadcasting Union (ABU) and the International Telecommunication Union (ITU).

We also played a prominent role at the various preparatory meetings and workshops in advance of the World Radiocommunication Conference at the ITU in Geneva later in 2015. The World Radiocommunication Conference meets every four years to help form policies that will determine the allocation of frequencies used for television, satellite, Wi-Fi, mobile, aviation, maritime and other communications.

REBRANDING OF ASIASAT

In 2014, we undertook an extensive rebranding exercise, during which we examined our position in the marketplace, our existing communications and our values and mission as a company. This is the first rebranding exercise since our establishment in 1988.

The refreshed brand was rolled out in the first quarter of 2015. It debuts in this report and features a new look and logo that will appear in all of our corporate materials and on our website.

OUTLOOK FOR 2015

As I noted earlier, 2014 was a year of transition for AsiaSat. The challenges we faced in a competitive market will continue into 2015. With the launches of AsiaSat 6 and AsiaSat 8 in 2014, we expanded our geographic reach and our product offerings. These enhancements will enable us to better serve our key markets of South Asia and China.

OUTLOOK FOR 2015 (CONTINUED)

We also look forward to welcoming our new shareholder in 2015. Carlyle has agreed to acquire the stake in the Company currently held by GE. Under the new arrangement, Carlyle will nominate three new directors to replace the same number of directors from GE after the completion of share purchase by Carlyle.

ACKNOWLEDGMENTS

I would like to thank personally the AsiaSat management team and staff and the AsiaSat Board for their dedication and hard work in 2014. The launch of two new satellites with the same launch provider in consecutive months was a unique and significant accomplishment. These launches, coupled with the rebranding exercise, AsiaSat 9 procurement, the Ex-Im loans and the announcement of the Carlyle acquisition, made 2014 a year of significant achievement for the Company.

I would also like to thank our customers, suppliers and shareholders for their continued support of the Company.

Finally, as we expect the Carlyle transaction to be completed, I wish to thank the outgoing GE directors for their dedication and support of the Company since 2007. As one of the departing directors, it has been an honour to serve on the AsiaSat Board, including several terms as your Chairman, over the last six years. I will miss the active engagement with management and with other board members as we sought to improve the Company.

Sherwood P. DODGE
Chairman

26 March 2015

Operations Review

During the year, the Company faced increased competition as demand for satellite broadcasting services softened throughout the region due to the slower-than-expected economic recovery and increased competition from terrestrial services. Adding to this competition was the increase in supply from the launch of new satellites and the reduction in government services that brought more capacity back onto the market. In this highly competitive marketplace, prices declined as operators sought to fill spare capacity on their satellites.

AsiaSat's performance was affected by these factors and by the delays in the launch and bringing into operation of our two new satellites, AsiaSat 6 and AsiaSat 8.

Nevertheless, the strength of our brand and reputation for premium satellite services served us well in this unstable market. We continued to provide service for prestigious sporting events throughout the year and acquired several new clients with leadership positions in their respective markets.

PERFORMANCE REVIEW

Going into 2014, we recognised that the year would be one of transition for AsiaSat as we prepared to secure future business by expanding our fleet. Our performance was also affected by the reduction in earnings from a renegotiated contract that we first brought to the notice of our shareholders in 2013 but whose full-year impact was not fully felt until 2014.

Turnover for 2014 reached HK$1,365 million, a reduction of HK$134 million from HK$1,499 million in 2013. As mentioned in the interim report, the decline was mainly due to the renewal and extension in 2013 of agreements with a major customer which resulted in a significant reduction in their rates, as well as the termination of several contracts associated with the reduction in U.S. military activity in the Middle East. In addition, the short term revenue generated by AsiaSat 7 prior to its replacing AsiaSat 3S was substantially less in 2014 than in 2013.

Profit attributable to owners of the Company for 2014 was HK$559 million (2013: HK$748 million), a decrease of HK$189 million. The decline was due to the lower turnover, higher depreciation charge and higher operating expenses.

Throughout 2014, we participated at conferences, exhibitions and speaking engagements organised by leading international and regional associations including CASBAA, Asia-Pacific Broadcasting Union (ABU) and the International Telecommunication Union (ITU). AsiaSat was also involved in lobbying and industry activities on behalf of the Asian and global satellite industries.

In recognition of the evolution of the industry and to better reflect our strong leadership position in the industry, we also undertook a major rebranding exercise aimed at aligning our brand with the fresh contemporary image we wish to project for the company.

NEW CHALLENGES, NEW OPPORTUNITIES

In 2014, we continued to be regarded in the industry as the premier choice for the delivery of satellite services in the region. Customers select AsiaSat because of the scope of our coverage, our satellite neighbourhood, our technical capability and our reputation for quality service and stability.

The main market challenges we faced in 2014 resulted from the economic slowdown, which put pressure on existing customers and forced some broadcasting projects to be postponed or cancelled. In addition the technology advances in modulation and compression and the growing trend of TV consumption via the internet is influencing the demand for satellite capacity while supply in some regions continues to increase.

Despite these challenges, direct-to-home (DTH) services continue to grow and licenses are being issued for new networks in developing countries across Asia. New broadband and mobile applications are emerging which will require more capacity delivered at higher speeds. In the more developed areas of the region, HDTV services are increasingly being adopted by broadcasters. New technologies such as 4K ultra-high definition television, although still in an early stage of development in this part of the world, will eventually become part of the media landscape driven primarily by consumer demand for sports viewing. In anticipation of the arrival of 4K, we are working with industry partners to explore the feasibility of rolling out this technology at some point in the future. Indeed, we have already broadcast one major sporting event in 4K — the 2014 FIFA World Cup in Brazil — for football fans across Asia.

IN-ORBIT SATELLITES

Our expanded in-orbit satellite fleet continued to perform well in 2014, providing reliable, uninterrupted service to customers.

The launch of our two new satellites during the year brought our fleet to a total of six, giving our customers comprehensive, efficient and cost-effective solutions for delivering their services to roughly 4.6 billion people across our global footprint.

AsiaSat 3S, is now retired from active service. Although customers were transferred from AsiaSat 3S earlier in the year to AsiaSat 7, it still is capable of providing limited service and we continue to explore opportunities for short-term revenues with this satellite.

AsiaSat 4, launched in 2003, is positioned at 122°E and offers 28 C-band and 20 Ku-band transponders. AsiaSat 4's overall utilisation rate as of 31 December 2014 was 76% (2013: 79%).

AsiaSat 5, launched in 2009, is positioned at 100.5°E and carries 26 C-band and 14 Ku-band transponders. This satellite's overall utilisation rate as of 31 December 2014 was 87% (2013: 77%).

IN-ORBIT SATELLITES (CONTINUED)

AsiaSat 7 was launched in 2011 and replaced AsiaSat 3S at the orbital location of 105.5°E in April 2014. It carries 28 C-band transponders, 17 Ku-band transponders and a small Ka-band payload. It offers a region-wide high-powered C-band beam covering Asia, the Middle East, Australasia and Central Asia, with Ku-band beams serving East and South Asia and a steerable beam addressing specific market demands. This satellite's overall utilisation rate as of 31 December 2014 was 65% (2013: Nil).

The total number of transponders in the fleet leased or sold as of 31 December 2014 increased to 100 from 97 as of 31 December 2013. The overall utilisation rate for the year slightly increased to 75% as of 31 December 2014 (2013: 74%).

AsiaSat 6 has new 28 C-band transponders at a new orbital location of 120 degrees East. In December 2011, we concluded an agreement with Thaicom Public Company Limited (Thaicom) of Thailand, which will take up 50% of the capacity of this satellite. The primary use of the remaining 14 C-band transponders will be to service the requirements of the China market. AsiaSat 6 was not commissioned for service in 2014 as appropriate licenses had not been issued for its intended operations.

AsiaSat 8 offers 24 additional Ku-band transponders at 105.5 degrees East and is collocated with AsiaSat 7. AsiaSat 8 is designed to provide high-powered capacity for services in China, India, the Middle East and Southeast Asia, and will address the market demand for DTH, as well as distance learning and medicine, in-flight internet connectivity, mobile broadband access and maritime communications. AsiaSat 8 was not commissioned for service in 2014 as appropriate licenses had not been issued for its intended operations.

Although the launches of AsiaSat 6 and AsiaSat 8 were delayed, both satellites were successfully put into orbit on 7 September and 5 August 2014 respectively. These new satellites will provide additional C and Ku-band capacity enabling us to better serve existing markets in China and South Asia, and will offer opportunities for growth in new markets.

AsiaSat 9, now being constructed at SSL and scheduled for a launch date in late 2016 or early 2017, will be operated in the 122 degrees East position now occupied by AsiaSat 4. The additional Ku-band transponders on this satellite will enable us to seek new opportunities in China and various emerging markets.

EXPANDING OUR CLIENT BASE

Leading regional and global broadcasters during the year continued to recognise AsiaSat for our ability to reach their large audiences across the region.

As mentioned in the Chairman's Statement, we concluded contracts with a number of new customers which broadcast sports events, deliver multiple radio channels and offer television services in various languages to a region which stretches from the Middle East to Australasia. We were also able to secure contracts with Chinese customers in 2014 including telecom operators, VSAT service providers, public utilities, oil and gas companies, securities and finance firms and government agencies.

CONTRACTS ON HAND

As of 31 December 2014, the Group carried a contract backlog of HK$3,514 million (2013: HK$3,820 million), a decrease of HK$306 million. The decrease was mainly due to more competitive pricing offered to both new and renewed customers, as well as shorter terms for new contracts.

BROADCAST AND UPLINK SERVICES

AsiaSat continues to hold two licences issued by the Office of the Communications Authority. These licences permit us to provide value-added services to our customers from our Tai Po Earth Station.

PROSPECTS

Asia is a dynamic and exciting market for the satellite broadcasting industry. As one of the leading players in this market, we see a bright future ahead now that we have laid the foundations for our continuing growth with the launch of AsiaSat 6 and AsiaSat 8.

Undoubtedly, the competitive challenges of the past year will endure into 2015. But for many of our customers and partners, AsiaSat is the carrier of choice for delivering reliable, premium services in this market.

Our expanded fleet of satellites is more capable than ever to meet customers' growing needs for sophisticated satellite technology. With the launch of AsiaSat 9 in late 2016 or early 2017, we will have even greater capacity to serve them. We are also exploring new partnerships, acquisitions and technologies to prepare the Company for future growth opportunities.

For the present, we will continue to seek suitable growth opportunities and exercise careful financial control to ensure we deliver enhanced value for our shareholders.

William WADE
President and Chief Executive Officer

26 March 2015

CORPORATE GOVERNANCE PRACTICES

In the interest of the shareholders of the Company ("Shareholders", and each a "Shareholder"), the Company is committed to high standards of corporate governance and is devoted to identifying and formalising best practices. Throughout 2014, the Group complied with the requirements of local and relevant overseas regulators, and applied the principles and complied with the Corporate Governance Code and Corporate Governance Report ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on the Stock Exchange with certain deviations as outlined below:

Pursuant to Code Provision A.6.7 of the CG Code, all Non-executive Directors ("NEDs") and Independent Non-executive Directors ("INEDs") should attend general meetings of the Company to develop a balanced understanding of the views of shareholders. Mr. Luo Ning and Mr. John F. Connelly, being NEDs of the Company, were unable to attend the annual general meeting of the Company held on 19 June 2014 ("2014 AGM") and the special general meeting of the company held on 20 November 2014 ("SGM") due to other business commitments on that date. Mr Chong Chi Yeung, alternate director to Mr. Luo, attended the 2014 AGM and SGM in place of Mr. Luo.

DIRECTORS' SECURITIES TRANSACTIONS: IN RESPECT OF MODEL CODE (APPENDIX 10)

The Company has adopted procedures governing Directors' securities transactions in compliance with the Model Code as set out in Appendix 10 of the Listing Rules. Following specific enquiry by the Company, all Directors have confirmed that they fully complied with the Model Code throughout 2014.

THE COMPANY

The Company is listed on the Stock Exchange and the majority of its shares are held by a private company, Bowenvale Limited ("Bowenvale"), incorporated in British Virgin Islands, with a 74.43% holding. Both CITIC Group Corporation ("CITIC") and General Electric Company ("GE") have equal voting rights in Bowenvale, and in turn, enjoy equal voting rights in the Company. Under the shareholders' agreement of Bowenvale, CITIC and GE are each entitled to appoint, and remove, up to four Directors to, or from, the Board.

On 23 December 2014, a subsidiary of The Carlyle Group L.P. ("Carlyle") entered into a Share Purchase Agreement ("SPA") with GE to acquire all GE's shareholding in Bowenvale. On the effective date of the SPA, Carlyle will become a shareholder and have equal voting rights with CITIC in Bowenvale. As of the date of this report, the SPA is not yet effective and is still subject to the satisfaction of certain conditions.

BOARD OF DIRECTORS

The Board is currently composed of 11 members: six appointed by the shareholders of Bowenvale, CITIC and GE, as NEDs, namely Mr. Sherwood P. Dodge *(Chairman)*, Mr. Ju Wei Min *(Deputy Chairman)*, Mr. Luo Ning, Mr. Peter Jackson, Mr. John F. Connelly and Ms. Nancy Ku; four INEDs, namely Mr. James Watkins, Mr. Stephen Lee Hoi Yin, Mr. Kenneth McKelvie and Ms. Maura Wong Hung Hung; and one Executive Director, Mr. William Wade, who is also the President and Chief Executive Officer ("CEO") of the Company. The alternate Director is Mr. Chong Chi Yeung (alternate to Mr. Luo Ning).

Ordinarily, the Chairman and the Deputy Chairman of the Board are appointed in rotation for two years by CITIC and GE from their nominated Directors.

Pursuant to the requirement in the Listing Rules, the Company has received a written confirmation from each INED of his/her independence to the Company. The Company considers all of the INEDs to be independent.

The Board is scheduled to meet on a quarterly basis and additional Board meetings are held when required. The Board also holds private sessions at least once per year without the presence of senior management members.

The Board deals with strategic and policy issues and approves corporate plans and budgets and monitors the performance of management. The day-to-day operations of the Company are delegated to its senior management. The Board has established a framework of corporate governance and is supported by four committees, the Remuneration Committee, the Nomination Committee, the Audit Committee, and the Compliance Committee, each of which has its own charter covering its authority and duties. The Chairmen of these committees report regularly to the Board on matters discussed. The Board has also established the Business Development Committee, which reviews strategic business initiatives.

The Chairman of the Board is responsible for the leadership and effective running of the Board, and ensuring that the Board discusses all key and appropriate issues in a timely and constructive manner. The CEO is delegated with the authority and responsibility of running the Group's business, and implementation of the Group's strategy in achieving its overall commercial objectives. The roles of the Chairman and the CEO are segregated and not assumed by the same individual. Currently, Mr. Sherwood P. Dodge and Mr. Ju Wei Min act as Chairman and Deputy Chairman respectively, while Mr. William Wade acts as CEO.

All the INEDs and NEDs are appointed for specific terms of three years each or, in the case of their initial appointment, for the period up to the Company's next annual general meeting ("AGM") following their appointment. They are all subject to retirement, rotation and re-election at the Company's AGM. Save as disclosed above in respect of the appointments of Directors by CITIC and GE, all of the Board members have confirmed that they are totally unrelated to each other and to the senior management in every respect, including financial, business and family.

DIRECTORS' TRAINING

Pursuant to Code Provision A6.5 of the CG Code, all Directors should participate in a programme of continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Furthermore, the Company is responsible for arranging and funding training with an appropriate emphasis on Directors' roles, functions and duties.

During the year, the Company has arranged for Directors to participate in external seminars or briefings relating to the roles, functions and duties of a listed company director and the latest developments in regulatory requirements.

The following table summarises the training received by each Director in the year 2014 based on the training records provided by the Directors:

Name	**External Seminars/ Briefing/Self Reading**
NEDs	
Sherwood P. Dodge *(Chairman)*	√
Ju Wei Min *(Deputy Chairman)*	√
Luo Ning	√
Peter Jackson	√
John F. Connelly	√
Nancy Ku	√
Chong, Chi Yeung *(alternate to Luo Ning)*	√
INEDs	
Stephen Lee Hoi Yin	√
Kenneth McKelvie	√
James Watkins	√
Maura Wong Hung Hung	√
Executive Director	
William Wade *(CEO)*	√

BOARD COMMITTEES

The Board has established a Remuneration Committee ("RC"), a Nomination Committee ("NC"), an Audit Committee ("AC") and a Compliance Committee ("CC") in accordance with the CG Code.

REMUNERATION COMMITTEE

The objectives of the RC are as follows:

(i) formulates the remuneration policies and guidelines for the Board's approval;

(ii) ensures that the remuneration offered is appropriate and is in line with market practice;

(iii) considers and reviews:

   a. the remuneration packages of executive Directors;

   b. remuneration and other conditions for employees; and

   c. emoluments of the INEDs and NEDs prior to their approval by the Board each year.

The RC shall have the sole authority to:

(i) retain or terminate consultants to assist the RC in the evaluation of remuneration packages for Directors, the CEO and senior executives; and

(ii) determine the terms of engagement and the extent of funding necessary for payment of compensation to any consultant retained to advise the RC.

The following is a summary of the work performed by the RC in 2014:

(i) reviewed and recommended to the Board for bonuses for 2013;

(ii) developed new remuneration policies and guiding principles;

(iii) reviewed and recommended to the Board for the amount of restricted share awards for eligible employees for 2014;

(iv) developed a new bonus scheme for 2014;

REMUNERATION COMMITTEE (CONTINUED)

(v) reviewed and recommended to the Board for the 2015 salary; and

(vi) reviewed and recommended to the Board for the directors' emoluments for 2014 and 2015.

The Group has established a performance-based appraisal system. The present remuneration packages consist of salaries, performance bonuses, share awards (applicable to certain grades of employees) and fringe benefits that are comparable with the market. The basis of determining the emoluments payable to the Directors was a market survey included in an independent consultant's report.

Particulars of the Share Award Scheme are set out in note 19 to the consolidated financial statements.

Composition

The RC is composed of five members, of whom three are INEDs, namely Mr. Stephen Lee Hoi Yin, who is also the Chairman, Mr. Kenneth McKelvie and Ms. Maura Wong Hung Hung, whilst the other two members are NEDs, namely Mr. Peter Jackson and Mr. John F. Connelly.

NOMINATION COMMITTEE

The primary objectives of the NC are as follows:

(i) identifies individuals qualified to become Directors (consistent with criteria approved by the Board);

(ii) selects or recommends to the Board candidates of Directors for approval at the next AGM;

(iii) oversees the evaluation of performance of the Board; and

(iv) develops succession plans for the CEO.

The NC has the sole authority to:

(i) retain and terminate consultancy firms for identifying Director candidates;

(ii) retain other professionals to assist it with background checks; and

(iii) approve the fees and engagement terms of the relevant consultancy firms and professionals.

NOMINATION COMMITTEE (CONTINUED)

The following is a summary of the work performed by the NC in 2014:

(i) recommended Directors for re-election at the AGM;

(ii) reviewed succession plans, including an emergency succession list for key positions;

(iii) conducted reviews of corporate social responsibilities activities during the year;

(iv) oversaw the self-assessment of the Board and its committees; and

(v) reviewed the terms of reference.

Composition

The NC is composed of five members, of whom three are INEDs, namely Ms. Maura Wong Hung Hung, who is also the Chairman, Mr. James Watkins and Mr. Stephen Lee Hoi Yin, whilst the other two members are NEDs, namely Mr. Sherwood P. Dodge and Mr. Ju Wei Min.

Summary of Board Diversity Policy

The Company recognises that board diversity is an important element in creating a fair and effective Board and that having a Board with a balance of skills, backgrounds, expertise and diversity of perspectives can be beneficial to the Company's business.

When determining the composition of the Board, the Company considers board diversity from a number of aspects, including but not limited to experience, leadership, cultural and educational background, qualification, professional ethics, expertise, skill, know-how, gender and age. All Board appointments are based on merit, and candidates are considered against objective selection criteria, having due regard to the benefits of diversity on the Board.

The NC will review this policy, as appropriate, to ensure its effective implementation. The NC will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and determination.

AUDIT COMMITTEE

The primary objective of the AC is to assist the Board in fulfilling its oversight responsibilities with respect to:

(i) the accounting and financial reporting processes of the Group, including the accuracy of the financial statements and other financial information provided by the Group to its Shareholders, the public and the Stock Exchange;

(ii) the Independent Auditor's ("IA") qualifications and independence;

(iii) the audit of the Group's financial statements and the effectiveness of internal control procedures over financial reporting processes; and

(iv) the performance of the Group's internal audit function and of the IA.

The members of the AC assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, and satisfying themselves as to the effectiveness of the internal control procedures of the Group and the adequacy of external and internal audits.

The AC has the sole authority and responsibility to:

(i) select, evaluate and, where appropriate, replace the IA (or to nominate the IA for Shareholders' approval);

(ii) approve all audit engagement fees and terms and all non-audit engagements with the IA; and

(iii) perform such other duties and responsibilities set forth in any applicable independence and regulatory requirements.

The AC may consult with management, including the CEO and the personnel responsible for the internal audit function, but shall not delegate these responsibilities.

The following is a summary of the work performed by the AC in 2014:

(i) reviewed the financial statements and reports for the year ended 31 December 2013 and for the six months ended 30 June 2014;

(ii) reviewed the effectiveness of the internal control system and of internal control over financial reporting in conjunction with the management, the Internal Auditor and the IA;

(iii) reviewed the IA's statutory audit plan and the management representation letters to the IA;

AUDIT COMMITTEE (CONTINUED)

(iv) considered and approved the 2014 audit fees;

(v) considered and approved the non-audit services fees for the Group;

(vi) reviewed the accounting principles and practices adopted by the Group and the consolidated financial statements for the year ended 31 December 2014 in conjunction with the IA;

(vii) reviewed the "Continuing Connected Transactions" set forth on page 47 prior to their review and confirmation by the Board; and

(viii) conducted a private session with the IA.

Auditors' Remuneration

The fees incurred and described below for 2014 were as follows:

	2014 HK$'000	2013 HK$'000
Audit Fees	**1,545**	1,445
Tax Fees	**915**	985
All Other Fees	**80**	114
	2,540	2,544

Audit Fees

The aggregate fees incurred by the Group for professional services rendered by the IA for the audit and review of the Group's financial statements.

Tax Fees

The aggregate fees incurred by the Group for professional services rendered by professional and other advisors for tax compliance, tax advice and tax planning.

All Other Fees

The aggregate fees incurred by the Group for products and services provided by professional and other advisors, other than for services described in the paragraphs above.

AUDIT COMMITTEE (CONTINUED)

Resources

The AC has the authority to retain independent legal, accounting and other consultants to advise the AC. The AC may request any officer or employee of the Company or the Company's outside counsel or the IA to attend a meeting of the AC or to meet with any members of, or consultants to, the AC.

Funding

The AC determines the extent of funding necessary for payment of:

(i) compensation to the IA engaged for the purpose of preparing or issuing an Audit Report or performing other audit, review or attestation services for the Company;

(ii) compensation to any independent legal, accounting and other consultants retained to advise the AC; and

(iii) ordinary administrative expenses of the AC that are necessary or appropriate in carrying out its duties.

Composition

The AC is composed of six members, four of whom are INEDs, namely Mr. Kenneth McKelvie, Mr. James Watkins, Mr. Stephen Lee Hoi Yin and Ms. Maura Wong Hung Hung, who satisfy independence, financial literacy and experience requirements, whilst the other two members are NEDs, namely Mr. Ju Wei Min and Ms. Nancy Ku, and have only observer status with no voting rights. The AC is chaired by an INED, namely Mr. Kenneth McKelvie, who possesses appropriate professional qualifications and experience in financial matters.

The AC is scheduled to meet at least twice a year. It also holds private sessions without the presence of the Company's officers and management.

COMPLIANCE COMMITTEE

The primary objective of the CC is to assist the Board in carrying out its corporate governance duties and its duties are:

(i) develops and reviews the Group's policies, procedures and practices on corporate governance and makes recommendations to the Board;

(ii) reviews and monitors the Group's policies and practices on compliance with legal and regulatory requirements;

COMPLIANCE COMMITTEE (CONTINUED)

(iii) monitors the investigation and resolution of any significant instances of non-compliance or potential non-compliance reported to it;

(iv) reviews and monitors the training and continuous professional development of Directors and senior management of the Company;

(v) reviews and monitors the code of conduct and compliance manual applicable to Directors and employees;

(vi) reviews the Company's compliance with the CG Code and disclosure in the Company's corporate governance report; and

(vii) monitors the Group's policies, procedures and practices in relation to disclosures of inside information and makes recommendations to the Board.

The CC has the sole authority to:

(i) retain legal and other external consultants to assist CC; and

(ii) request any officer or employee of the Group or the Group's outside counsel or consultants to attend the meeting or to meet with any members of, or consultants to, the CC.

The following is a summary of the work performed by the CC in 2014:

(i) reviewed the corporate governance report included in the 2013 Annual Report and 2014 Interim Report;

(ii) reviewed the Group's compliance with various legal and regulatory requirements;

(iii) reviewed the compliance with the code of conduct and compliance manual applicable to the Directors and employees; and

(iv) reviewed the Group's corporate governance guidelines.

Composition

The CC is currently composed of six members, of whom three are INEDs, namely Mr. James Watkins, who is also the Chairman, Mr. Stephen Lee Hoi Yin and Mr. Kenneth McKelvie, while two are NEDs, namely Mr. Sherwood P. Dodge and Mr. Peter Jackson and one is the executive Director, namely Mr. William Wade.

ATTENDANCE RECORD OF EACH DIRECTOR AT BOARD MEETINGS, BOARD COMMITTEES MEETINGS AND THE GENERAL MEETING

The following table summarises the attendance of each Director and each Board Committee member in 2014:

	Attendance/Number of Meetings held					
	Board	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Compliance Committee**	**General Meeting**
NEDs						
Sherwood P. Dodge① *(Chairman)*	11/11			2/2	2/2	2/2
Ju Wei Min② *(Deputy Chairman)*	11/11	2/2		2/2		2/2
Luo Ning②	^ 4/11					^—/2
Peter Jackson②	11/11		4/4		2/2	2/2
John F. Connelly①	9/11		4/4			—/2
Nancy Ku①	11/11	2/2				2/2
Chong, Chi Yeung (alternate to Luo Ning)	11/11					2/2
INEDs						
Stephen Lee Hoi Yin	11/11	2/2	4/4	2/2	2/2	2/2
Kenneth McKelvie	10/11	2/2	4/4		2/2	2/2
James Watkins	10/11	2/2		2/2	2/2	2/2
Maura Wong Hung Hung	10/11	2/2	4/4	2/2		2/2
Executive Director						
William Wade *(CEO)*	11/11				2/2	2/2

① GE appointed Directors

② CITIC appointed Directors

^ Due to prior business commitment, Mr. Luo has arranged for his alternate to attend certain Board meetings, the AGM held in June 2014 and the SGM held in November 2014. the alternate's attendance at which has not been counted in the above attendance record.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Directors of the Company acknowledge that they are responsible for overseeing the preparation of financial statements for each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2014, the Directors have:

- selected suitable accounting policies and applied them consistently;
- appropriately adopted all applicable Hong Kong Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the financial statements on the going concern basis.

The objective of the Group is to deliver sustainable returns with solid financial fundamentals, so as to enhance long-term total return for Shareholders. The discussion of the strategy and business model for delivering the Group's objective and the basis on which the Group generates or preserves value over the longer term are set out in Chairman's Statement and Operations Review.

A statement by the IA, PricewaterhouseCoopers, in respect of their reporting responsibilities is set out on pages 113 to 114.

The Group recognises that high quality corporate reporting is important in reinforcing the trust of the Shareholders of the Company and aims at presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects in all corporate communications. The annual and interim results of the Group are announced in a timely manner within three and two months respectively after the end of the relevant periods in compliance with the requirements of the Listing Rules.

Internal control

System and procedures

The Board acknowledges its responsibility to ensure that a sound and effective internal control system is maintained, which includes a defined management structure with specified limits of authority to:

(i) achieve business objectives and safeguard assets against unauthorised use or disposition;

(ii) ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication; and

(iii) ensure compliance with the relevant legislation and regulations.

ACCOUNTABILITY AND AUDIT (CONTINUED)

Internal control (continued)

System and procedures (continued)

The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss, manage rather than eliminate risks of failure in operational systems, and to ensure achievement of the Group's objectives.

Annual assessment

In 2014, the Board, through its AC, conducted a review of the Group's internal control system, including financial, operational and compliance control, and risk management functions. To formalise the annual review of the Company's internal control system, the AC made reference to the requirements of the relevant regulatory bodies. The Board is of the view that, in general, the Group has set up a sound internal control environment and implemented an effective system of internal control.

Internal Audit plan

The Internal Auditor follows a risk-and-control-based approach. A three-year internal audit plan is formulated in a risk-weighted manner so that priority and appropriate audit frequency is given to areas with higher risks. The Internal Auditor performs regular financial and operational reviews on the Group. The audit findings and control weaknesses, if any, are reported to the AC or CC. The Internal Auditor monitors the follow-up actions agreed upon in response to its recommendations.

Grievances and whistle-blowing policies

The Group has established defined procedures for handling employees' complaints, grievances and alerts of wrongdoings. Recommendations on improvements can be channelled to the respective department heads or escalated to the CEO. If the complaint is about the CEO or a Director, the employee can report directly to the Chairman of the AC or of the CC .

To encourage employees to raise concerns about internal malpractice without hesitation, the Group has also established a whistle-blowing policy, with embedded procedures for reporting such matters directly to the Chairman of the AC or CC, who will review the reported complaint and decide how the investigation should be conducted.

COMPANY SECRETARY

The Company Secretary is an employee of the Group and has confirmed that she has taken no less than 15 hours of the relevant professional training for the year ended 31 December 2014 in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening of a SGM on Requisition by Shareholders

Article 70 of Company's Bye-laws set out the position when a requisition is made by Shareholders. Article 70 provides that a SGM shall be convened on requisition, as provided by the Companies Act 1981 of Bermuda (as amended), or, in default, may be convened by the requisitionists.

Pursuant to section 74 of the Companies Act 1981 of Bermuda (as amended), a Shareholder or Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company as at the date of the deposit carries the right of voting at general meetings of the Company may requisition the Directors to forthwith proceed duly to convene a SGM by depositing a written requisition at the registered office of the Company.

The written requisition must state the purposes of the meeting (including the resolutions to be considered at the meeting), signed by the requisitionists, deposited at the registered office of the Company at Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda and may consist of several documents in like form each signed by one or more requisitionists.

If the Directors do not within twenty-one days from the date of the deposit of the requisition proceed duly to convene a SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of deposit of the requisition.

A SGM so convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the Directors.

Procedures for making enquiry to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary at 12/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong. The Company Secretary shall forward the Shareholders' enquiries and concern to the Board to answer the Shareholders' questions.

Procedures for putting forward proposals at general meetings

Any number of Shareholder(s) of the Company holding not less than one-twentieth of the total voting rights of all Shareholders having the right to vote at the general meeting of the Company or not less than 100 Shareholders of the Company can submit a written requisition to the Company requesting the Company:

(a) to give to the Shareholders entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and/or

(b) to circulate to the Shareholders entitled to have notice of any general meeting sent to them any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

SHAREHOLDERS' RIGHTS (CONTINUED)

Procedures for putting forward proposals at general meetings (continued)

A copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, must be deposited at the registered office of the Company (Canon's Court, 22 Victoria Street, Hamilton HM12, Bermuda):

(i) in the case of a requisition requiring notice of a resolution, not less than six weeks before the meeting; and

(ii) in the case of any other requisition, not less than one week before the meeting.

The requisitionist(s) must also deposit or tender with the requisition a sum reasonably sufficient to meet the Company's expense in serving the notice of resolution and/or circulation of statement to the Shareholders pursuant to the requisition.

Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an annual general meeting is called for a date six weeks or less after the copy has been deposited, the copy though not deposited within the above-mentioned time shall be deemed to have been properly deposited for the purposes thereof.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

The Board recognises its accountability to Shareholders for the performance and activities of the Company and attaches considerable importance to the effectiveness of its communications with Shareholders. To this end, an Investor Relations section has been established as part of the Company's website, www.asiasat.com, to provide information to Shareholders about the Company. This is in addition to other corporate communications with Shareholders, such as circulars, notices, announcements, interim reports and annual reports, copies of which can be found in the Company's website.

The interim report and annual report contain a full Financial Review and an Operations Review together with sections on Corporate Governance and Management Discussion and Analysis.

The AGM is the principal forum for direct dialogue with shareholders at which Shareholders are invited to ask questions on the Company's operations or financial information.

At the AGM, Shareholders can vote on each proposed resolution and all issues to be considered by shareholders will be proposed at the general meeting as separate resolutions. Pursuant to the Listing Rules, voting by poll is now mandatory for all shareholders meetings.

CONSTITUTIONAL DOCUMENTS

During the year, there was no change in the Company's constitutional documents. A copy of the Company's Bye-laws is posted on the websites of the Company and the Stock Exchange.

GUIDELINES ON CONDUCT

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

The Company has a Code of Business Conduct and Ethics available on its website, www.asiasat.com.

Management Discussion and Analysis

FINANCIAL REVIEW

Overall performance

The Group achieved a profit attributable to owners of HK$559 million (2013: HK$748 million), a decrease of HK$189 million or 25% from the prior year. The decrease in profit was attributable to decrease in turnover, and an increase in depreciation resulting from the full year depreciation of AsiaSat 7. More details are set out below.

Turnover

Turnover in 2014 was HK$1,365 million (2013: HK$1,499 million), a decrease of HK$134 million, down 9% from the previous year. As mentioned in the interim report, the decrease was mainly due to a July 2013 contract renewal agreement with a major customer which resulted in a significant extension of the contract but at a reduced annual rate. This was coupled with the termination of several contracts associated with the reduction in U.S. military activity in the Middle East. Additionally, the short term revenue generated by AsiaSat 7 prior to its replacing AsiaSat 3S was substantially less in 2014 than in 2013 as AsiaSat 7 commenced full operations in April 2014.

Cost of services

Cost of services of HK$577 million (2013: HK$540 million) represented an increase of HK$37 million, mainly due to the full year depreciation of AsiaSat 7 during the year.

Other gains

The gain of HK$89 million (2013: HK$27 million), an increase of HK$62 million, was mainly due to a finance income arising from the settlement for their share of capacity of AsiaSat 6 by a satellite operator. Moreover, more interest income was generated during the year due to higher bank deposits compared to the previous year.

Administrative expenses

Administrative expenses were HK$150 million (2013: HK$88 million), an increase of HK$62 million or 70%. The increase mainly came from exchange losses arising from the conversion of Renminbi to Hong Kong Dollar due to the devaluation of Renminbi and less exchange gains on retranslation of Indian tax payable denominated in Indian Rupees. Impairment provisions on certain customers due to recoverability issues and higher professional fees compared to the previous year also contributed to the increase. Excluding these three factors, the administrative expenses increased by approximately 3% as compared to 2013.

Income tax expense

A significant portion of the Group's profit is treated as earned outside of Hong Kong and is not subject to Hong Kong profits tax. Hong Kong profits tax was calculated at 16.5% (2013: 16.5%) of the estimated assessable profit for the year. The Group's effective tax rate for the year was approximately 22.7% (2013: 16.7%).

FINANCIAL REVIEW (CONTINUED)

Income tax expense (continued)

Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation, that range from 7% to 43.26% (2013: 7% to 43.26%), prevailing in the countries in which the profit is earned. The Group made a tax provision for Indian Tax reflecting the impact of the enactment of the new Finance Act in India, which was introduced with retrospective effect in May 2012. Further details are set out in Note 10 to the consolidated financial statements.

Financial Results Analysis

The financial results are highlighted below:

		2014	2013	Change
Turnover	HK$M	**1,365**	1,499	–9%
Profits attributable to owners of the Company	HK$M	**559**	748	–25%
Dividend	HK$M	**223**	947	–76%
Capital and reserves	HK$M	**7,107**	7,522	–6%
Earnings per share	HK cents	**143**	191	–25%
Dividend per share	HK cents	**57**	242	–76%
Dividend cover	Times	**2.5**	0.8	213%
Return on equity	Percent	**8**	10	–2%
Net assets per share — book value	HK cents	**1,817**	1,923	–6%

LIQUIDITY AND FINANCIAL RESOURCES

During the year under review, the Group generated a net cash inflow, including the movement in short term deposits with maturities over three months, of HK$1,849 million (2013: outflow of HK$623 million). This primarily arose from proceeds of the drawdowns of Ex-Im bank loans totalling HK$2,173 million (2013: Nil), net cash from operations of HK$1,012 million (2013: HK$1,203 million), reimbursement from Thaicom for their share of the capacity of AsiaSat 6 of HK$636 million (2013: Nil), capital expenditures of HK$1,024 million (2013: HK$1,074 million) and payment of dividends of HK$969 million (2013: HK$750 million). As at 31 December 2014, the Group had cash and bank balances of HK$3,346 million (31 December 2013: HK$1,501 million). The cash and bank balances are denominated in United States Dollars, Renminbi and Hong Kong Dollars.

Total bank borrowings as at 31 December 2014 were HK$2,183 million (31 December 2013: Nil), all denominated in United States Dollars and at fixed interest rates for the whole tenure. There was no seasonality effect on the Group's borrowing requirement. Bank borrowings were mainly used to finance the Group's capital expenditure. Details of the maturity profile of the total bank borrowings and undrawn bank facilities are set out in Note 21 to the consolidated financial statements. With the cash and bank balances exceeding the bank borrowings, the Group had net cash of HK$1,163 million as at 31 December 2014 (31 December 2013: HK$1,501 million).

CAPITAL STRUCTURE

Funding and treasury policy

The Group adopts conservative treasury policies and exercises tight control over its cash and risk management. Cash is generally placed in short-term deposits denominated in United States Dollars, Hong Kong Dollars and Renminbi to meet its payments.

Hedging for Exchange rates and Financial instruments

The Group's revenue, capital expenditure, main operating expenditure and bank borrowings are denominated in United States Dollars, Hong Kong Dollars and Renminbi. The effect of exchange rate fluctuation in the United States Dollar is insignificant as the Hong Kong Dollar is pegged within a narrow band to the United States Dollar at the approximate exchange rate of HK$7.80 to US$1.00. The foreign exchange rate of the Renminbi has depreciated against the Hong Kong Dollar during the year ended 31 December 2014. As the Group monitors closely with the currencies movement, we elect not to hedge currency risk. As the interest rate on the bank borrowings of the Group is fixed for the loan period, there is no need to hedge interest rate risk.

ORDER BOOK

As at 31 December 2014, the value of contracts on hand amounted to HK$3,514 million (2013: HK$3,820 million), the majority of which will be realised over the next few years. Almost all the contracts are denominated in United States Dollars and Renminbi.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During 2014, there were neither material acquisitions nor disposals of subsidiaries or associated companies.

SEGMENT INFORMATION

The turnover of the Group, analysed by operating segments, is disclosed in Note 5 to the consolidated financial statements.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had 133 permanent staff (2013: 134).

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 packages consist of salaries, discretionary bonuses and fringe benefits that are comparable with the market.

A share award scheme (the "Share Award Scheme") was established on 22 August 2007; it is a long-term incentive plan designed to attract and retain the best senior staff for the development of the Company's business. Under the Share Award Scheme, shares of the Company (the "Award Shares") are granted to eligible employees of the Company or any of its subsidiaries. The Award Shares vest after a certain period or lapse under certain circumstances as set out in the Share Award Scheme rules. The Company has appointed Equity Trust (Jersey) Limited to be the trustee to purchase and hold the Award Shares upon trust to facilitate the servicing of the Share Award Scheme for the benefit of the eligible employees.

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

Saved as disclosed in Note 21 to the consolidated financial statements, there was no charge over the Group's assets as at 31 December 2014.

CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in Note 27 to the consolidated financial statements.

As at 31 December 2014, the Group had total capital commitments of HK$1,280 million (2013: HK$2,158 million), all of which was contracted but not provided for in the financial statements.

GEARING RATIO

The Group's gearing ratio is calculated as net debts divided by total capital. Net debt is calculated as total interest bearing bank borrowings less total cash and bank balances. The total capital is the consolidated shareholders' equity plus the net debt. As at 31 December 2014, the Group's gearing ratio was as follows:

	31 December 2014 HK$' million	31 December 2013 HK$' million
Total bank borrowings	**2,183**	—
Less : Cash and bank balances	**(3,346)**	(1,501)
Net Cash	**(1,163)**	(1,501)

As the Group has a net cash balances, the gearing ratio is not applicable to the Group as at 31 December 2014 and 2013.

CONTINGENT LIABILITIES

Particulars of the Group's contingent liabilities are set out in Note 26 to the consolidated financial statements.

Biographical Details of Directors and Senior Management

DIRECTORS

Sherwood P. DODGE, aged 59, was appointed a NED on 6 February 2009 and was re-designated as a Chairman of the Company on 1 January 2014. He is the Deputy CEO of Hyundai Card Co. Ltd. and Hyundai Capital Services, Inc., the Hyundai/GE joint ventures in Korea. Prior to his current role Mr. Dodge was President and CEO of GE Capital Americas, Equity and also headed the corporate development activities of GE Capital Americas. In previous roles he was Senior Managing Director of GE Capital Equity and had responsibility of investments in Aviation and Energy industries and for co-investments with the customers of GE's Sponsor Finance business. Mr. Dodge joined GE in 1988 and has held a variety of other executive positions, including President of GE Capital Thailand, and Managing Director of GE Capital Equity Europe. He received a Bachelor of Political Science degree from Denison University.

JU Wei Min, aged 51, was appointed a NED on 12 October 1998 and was re-designated as a Deputy Chairman of the Company on 1 January 2014. Mr. Ju is Vice President and Chief Financial Officer of CITIC Limited (formerly known as CITIC Pacific Limited). He is the NED of CITIC Securities Company Limited, a Hong Kong listed company. He was the Chairman of CITIC Trust Co., Ltd from 2004 to 2011 and Hong Kong listed CITIC Resources Holdings Limited from 2011 to 2013. Mr. Ju has over 20 years' experience in financial services industry and conglomerate management, especially in corporate finance, risk management and investment. He holds a Bachelor's Degree and Master's Degree in Economics.

William WADE, aged 58, was appointed as a President and CEO of the Company on 1 August 2010. Mr. Wade has served as an Executive Director of the Company since May 1996. Since joining the Company in April 1994 and before his appointment as CEO, he served as a Deputy CEO. Prior to joining AsiaSat, he held a number of senior management positions with various companies in Asia and the United States. He has over 29 years' experience in the satellite and cable television industry, working most of his career in Asia. He speaks Mandarin and holds a Bachelor of Arts (Honours) Degree in Communications from the University of Utah and a Master of International Management Degree from Thunderbird (the Global School of International Management).

LUO Ning, aged 56, was appointed a NED of the Company on 22 January 2010. Mr. Luo is the Assistant President of CITIC Corporation Limited, Deputy Chairman of CITIC Guoan Group and the Chairman and General Manager of CITIC Networks Co. Ltd. He joined CITIC in 2000 and also holds directorships in several other subsidiaries of CITIC. He is the Chairman of CITIC Guoan Information Industry Company Limited which is listed on the Shenzhen Stock Exchange in the People's Republic of China. He is also the Deputy Chairman and Executive Director of Frontier Services Group Limited and Executive Director of CITIC Telecom International Holdings Limited. They are Hong Kong listed companies. He has over 19 years' experience in the telecommunication business and holds a Bachelor Degree in Communication Speciality from the Wuhan People's Liberation Army Institute of Communication Command.

DIRECTORS (CONTINUED)

Peter JACKSON, aged 66, was appointed as a NED of the Company on 9 January 2012. Mr. Jackson was the Company's previous Executive Chairman and retired on 31 July 2011. Prior to his retirement from the Company, he had served as the Executive Director and the CEO of the Company since May 1996. Before the listing of the Company, he had already served in that position as CEO of AsiaSat since July 1993. On 31 July 2010, he retired from his position as CEO and was then appointed as Executive Chairman of the Company for a period of 1 year from 1 August 2010 to 31 July 2011. He has over 38 years' experience in the telecommunications field. Prior to joining the Company, he was employed by Cable & Wireless plc where he held engineering, marketing and management positions. He is also a member of Advisory Board of Thuraya Telecommunications, a mobile satellite operator based in Dubai, United Arab Emirates. Currently, he is also a consultant to CITIC, substantial shareholder of the Company and NED of SpeedCast International Limited which is listed on the Australian Stock Exchange. He is also working with several private equity firms in board or advisory positions.

John F. CONNELLY, aged 71, was appointed a NED of the Company on 29 March 2007. Mr. Connelly served with GE for over 44 years in a variety of positions. From 1992 to 2001 he served as the Chairman and the CEO of GE Americom, Inc., which was subsequently sold to SES S.A. ("SES"). In 2001 he was named the Vice Chairman of SES, a position he held until March 2007.

Nancy KU, aged 58, was appointed a NED of the Company on 29 March 2007. Ms. Ku is President & CEO of GE Capital, China. In her role, she is responsible for the results of GE Capital's business in China. Her focus is in pursuing a growth strategy for corporate lending and leasing business in China, develop joint venture partnership, and also to lead strategic investments in the region. She joined GE in 1998, and has served in a variety of leadership roles in equity and corporate finance in Asia. She has over 21 years of experience in private equity, project finance and leveraged buyouts. Prior to joining GE, she held a number of key positions at HSBC, Canadian Imperial Bank of Commerce, Citibank and IBM. She is a graduate of the University of Waterloo and holds an MBA degree from University of Toronto.

James WATKINS, aged 69, was appointed an INED of the Company on 30 June 2006. Mr. Watkins qualified as a solicitor in 1969 and was for 20 years a Partner in Linklaters, a leading international English law firm. From 1997 to 2003, he was a Director and the General Counsel of the Jardine Matheson Group in Hong Kong. He is the INED of a number of Hong Kong and overseas listed companies, including Mandarin Oriental International Ltd., Hongkong Land Holdings Ltd., Jardine Cycle & Carriage Ltd., Global Sources Ltd. and Advanced Semiconductor Manufacturing Corporation Limited. He holds a Degree in Law from The University of Leeds, United Kingdom.

DIRECTORS (CONTINUED)

Stephen LEE Hoi Yin, aged 55, was appointed an INED of the Company on 6 March 2013. Mr. Lee has over 30 years' experience in accounting, auditing and financial management, at KPMG in London and Hong Kong. He was an audit partner of KPMG Hong Kong before becoming the partner-in-charge of the risk & compliance advisory practices of KPMG in respect of Hong Kong, the PRC and the Asia Pacific region. He retired from KPMG in 2011, and is currently serving as an Adjunct Associate Professor at The Chinese University of Hong Kong and as the President of The Institute of Internal Auditors Hong Kong Limited. He was awarded a Bachelor of Arts (Hons) degree in Accountancy from City of London Polytechnic, in 1981. He is an associate member of The Institute of Chartered Accountants in England and Wales and The Institute of Internal Auditors, and a fellow member of The Hong Kong Institute of Certified Public Accountants. He is a Member of the Board of the Hospital Authority Hong Kong and an INED of Chiyu Banking Corporation Limited.

Kenneth McKELVIE, aged 64, was appointed an INED of the Company on 6 March 2013. Mr. McKelvie is a fellow of the Institute of Chartered Accountants in England and Wales and of the Hong Kong Institute of Certified Public Accountants. He joined the London office of Deloitte Plender Griffiths & Co in 1969, and transferred to Hong Kong in 1977. He was a partner in the China member firm of Deloitte Touche Tohmatsu for 29 years, and retired in 2011. He was Chairman of Deloitte China and a member of the global board of Deloitte Touche Tohmatsu from 2002 to 2008.

Maura WONG Hung Hung, aged 49, was appointed an INED of the Company on 9 May 2013. Ms. Wong has over 20 years' experience in finance and private equity in Asia. She was the founder partner of JP Morgan Partners Asia (formerly Chase Capital Partners Asia), a pan-Asia private equity fund, where she ran the Greater China as well as Telecommunications, Media and Technology Practice. She was one of the pioneers of private equity in Asia as a founding member of Goldman Sachs' Principal Investment Area in Asia. She is currently Senior Adviser to Olympus Capital and Asian Environmental Partners.

Ms. Wong graduated from Harvard Business School with an MBA and as Baker Scholar. Before that she received a Bachelor of Arts degree in International and Public Affairs from Princeton University where she graduated as Phi Beta Kappa and Magna Cum Laude (high honors).

CHONG Chi Yeung, aged 47, was appointed an alternate director to Mr. Luo Ning on 9 May 2013. Mr. Chong is the Assistant General Manager of CITIC United Asia Investments Limited ("CITIC United Asia"), a wholly-owned subsidiary of CITIC in Hong Kong. Prior to joining CITIC United Asia in 2005, he held various financial and managerial positions in both large scale China Stated-owned Enterprises and Hong Kong listed companies. He graduated from California State University, United States with a Bachelor's Degree and a Master Degree in Business Administration major in Finance in 1994. He has over 15 years of experience in merger and acquisition, corporate restructuring and financial management.

SENIOR MANAGEMENT

Philip BALAAM, aged 50, is AsiaSat's Vice President, Business Development. Mr. Balaam has been in the satellite industry for over 24 years, in various management positions in engineering, sales, marketing and business development. Prior to joining AsiaSat, he was at Arianespace, where he served more than 13 years, most recently as the Sales and Marketing Director of Arianespace in Singapore. He previously worked with Matra Marconi Space (now Airbus Space and Defence) in Stevenage, Toulouse and Paris. He holds a Ph.D. in Aerospace Engineering from Pennsylvania State University, United States, an MBA from the Open University of United Kingdom and a B.Sc. in Aeronautics and Astronautics from the University of Southampton, England.

Catherine CHANG, aged 47, is AsiaSat's General Counsel. Ms. Chang joined AsiaSat in 1994 and established the legal department to manage the legal affairs of the Company. Prior to joining the Company, she was the solicitor at Ebsworth & Ebsworth, an Australian law firm. She graduated from the University of New South Wales, Australia, with a Bachelor's Degree in Law and a Bachelor's Degree in Commerce, majoring in Accountancy.

Sabrina CUBBON, aged 53, is AsiaSat's Vice President, Sales and Marketing, in which capacity Mrs. Cubbon is responsible for sales and marketing, business development, corporate affairs and market research. She has over 29 years of marketing experience in the telecommunications industry. Prior to joining AsiaSat in August 1992, she was employed by Case Communications between 1987 and 1992 as the Regional Manager Asia-Pacific responsible for the sales and marketing activities to multinational clients. She graduated from the University of Manchester, United Kingdom, with a Master's Degree in Electronic and Electrical Engineering, specialised in cryptography.

Roger TONG, aged 53, is AsiaSat's Vice President, Engineering and Operations. On 1 August 2011, the Engineering and Operations Departments were merged into one technical department and Dr. Tong assumed managerial responsibilities for the combined group. He has over 29 years' experience in the satellite and telecommunications industry and has worked in Canada, Mainland China and Hong Kong. Dr. Tong has held various senior management positions at COM DEV International, Allen Telecom Corporation and Mark IV Industries. Prior to joining AsiaSat in March 2008, Dr. Tong was the Technical Consultant to Telesat Canada where he was responsible for various satellite programmes. Dr. Tong holds a Bachelor's degree in Computer Engineering and a Master's degree in Engineering from the McMaster University, Canada, a MBA degree from the Wilfrid Laurier University in Canada and a Doctor of Business Administration from University of Newcastle in Australia.

SENIOR MANAGEMENT (CONTINUED)

Sue YEUNG, aged 51, is AsiaSat's Vice President, Finance and Chief Financial Officer, and Company Secretary. Ms. Yeung is the member of the Institute of Chartered Accountants in England and Wales. She has held various senior positions in both multinational companies and Hong Kong listed company. Prior to joining AsiaSat in October 2006, she was the Regional Chief Financial Officer of Pearson Education Asia Limited with the overall responsibilities of its Asia Operations. She holds a Bachelor of Science Degree in Chemical Engineering from London University and is a fellow member of Hong Kong Institute of Certified Public Accountants.

ZHANG Hai Ming, aged 58, is AsiaSat's Vice President, China, in which he is responsible for the Company's marketing, operation and customer relations activities in the Mainland China market. Mr. Zhang has over 28 years' experience in the satellite industry in various management positions, covering areas in business development, sales, marketing and operations. Prior to joining AsiaSat in August 2008, he was the Deputy Managing Director of China Mobile Broadcasting Satellite Limited, Hong Kong. He graduated from Beijing Institute of Foreign Trade (now renamed Beijing University of International Business and Economics) and obtained a Master of International Management Degree from the American Graduate School of International Management.

The Directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 16 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in Note 5 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year are set out in the consolidated statement of comprehensive income on page 51.

The Directors recommend the payment of a final dividend of HK$0.39 per share, together with the interim dividend of HK$0.18 per share, totalling HK$0.57 per share in 2014.

RESERVES

Movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 55 and Note 20 to the consolidated financial statements.

DONATIONS

Charitable and other donations made by the Group during the year amounted to HK$30,000 (2013: HK$60,000).

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company, calculated under Section 90 of the Companies Act 1981 of Bermuda, are set out in Note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2014, the distributable reserves of the Company amounted to HK$427,829,000 (2013: HK$425,644,000), as calculated under the Companies Act 1981 of Bermuda.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 112.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year, the Trust, which was set up to administer the Company's Share Award Scheme, has purchased a total of 533,886 ordinary shares of HK$0.10 each of the Company at an average price of HK$30 per share on the Stock Exchange. The purchase involved a total cash outlay of HK$16,169,000. The aggregate price of the purchased shares was charged to equity as "Shares held under Share Award Scheme".

Save as disclosed above, neither the Company nor any of its subsidiary companies has purchased or sold any of the Company's shares during the year ended 31 December 2014 and the Company has not redeemed any of its shares during the year ended 31 December 2014.

SHARE AWARD SCHEME

The Company adopted the Share Award Scheme on 22 August 2007 ("Adoption Date"). Pursuant to the Share Award Scheme, award shares may be granted to eligible employees of the Company or its subsidiaries each year on the grant date until the tenth anniversary from the Adoption Date. The Company shall pay cash to the appointed trustee company for its acquisition and holding upon trust of the award shares for the benefit of eligible employees. The award shares will be transferred to the eligible employees upon vesting. The number of shares to be awarded under the Share Award Scheme throughout its duration shall not exceed 3% of the total issued shares of the Company as at the Adoption Date.

Details of the Share Award Scheme and the shares awarded thereunder are set out in Note 19 to the consolidated financial statements.

Apart from the Share Award Scheme, at no time during 2014 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 acquisition of shares in, or debentures of, the Company or any body corporate.

DIRECTORS

The Directors who held office during the year and up to the date of this report were:

Chairman and Non-executive Director

Sherwood P. DODGE *(re-designated from Deputy Chairman to Chairman on 1 January 2014)*

Deputy Chairman and Non-executive Director

JU Wei Min *(re-designated from Chairman to Deputy Chairman on 1 January 2014)*

Executive Director

William WADE *(President and Chief Executive Officer)*

Non-executive Directors

LUO Ning
Peter JACKSON
John F. CONNELLY
Nancy KU

Alternate Director

CHONG Chi Yeung *(Alternate to Luo Ning)*

DIRECTORS (CONTINUED)

Independent Non-executive Directors

Stephen LEE Hoi Yin
Kenneth McKELVIE
James WATKINS
Maura WONG Hung Hung

In accordance with Bye-law 110(A) of the Company's Bye-laws, Mr. Ju Wei Min, Mr. Stephen Lee Hoi Yin, and Mr. James Watkins will retire by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election.

All INEDs and NEDs are appointed for a specific terms of three years each or, in the case of initial appointment, for the period up to next re-election at the Company's AGM, whichever is earlier. They are subject to retirement, rotation and re-election at the Company's AGM in accordance with the Company's Bye-laws.

DIRECTORS' SERVICE CONTRACTS

Mr. William Wade had a service contract with the Company as the CEO of the Company with effect from 1 August 2010.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 35 to 39.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

At 31 December 2014, the interests and short positions of each director and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company under Section 352 of Part XV of the SFO, were as follows:

Ordinary shares of HK$0.10 each in the Company at 31 December 2014

		Number of shares/underlying shares held							
	Long or short position	Personal interests	Family interests	Corporate interests	Trusts and similar interests	Persons acting in concert	Other interests	Total	% of the Issued Share Capital of the Company
Directors									
Peter JACKSON	Long position	800,264	–	–	–	–	–	800,264	0.20
	Short position	–	–	–	–	–	–	–	–
William WADE	Long position	601,826	–	–	–	–	–	601,826	0.15
	Short position	–	–	–	–	–	–	–	–
James WATKINS	Long position	50,000	–	–	–	–	–	50,000	0.01
	Short position	–	–	–	–	–	–	–	–

Apart from the Share Award Scheme, at no time during the year was the Company, its subsidiaries, its associated companies, its fellow subsidiaries or its parent company a party to any arrangement to enable the Directors and chief executive of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its associated companies.

SUBSTANTIAL SHAREHOLDER' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders required to be kept under section 336 of Part XV of the SFO shows that, as at 31 December 2014, the Company had been notified of the following substantial shareholders' interests and short positions, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and chief executives.

Ordinary shares of HK$0.10 each in the Company at 31 December 2014

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), (2) & (3)]	74.43
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695[(2)]	74.43
CITIC Limited (formerly known as CITIC Pacific Limited)	Interest in controlled corporation	Long position	291,174,695[(2)]	74.43
CITIC Corporation Limited (formerly known as CITIC Limited)	Interest in controlled corporation	Long position	291,174,695[(2)]	74.43
CITIC Group Corporation	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
The Carlyle Group L.P.	Other[(4)]	Long position	291,174,695[(4)]	74.43
Aberdeen Asset Management plc and its subsidiary	Investment manager	Long position	27,185,500	6.95

SUBSTANTIAL SHAREHOLDER' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Ordinary shares of HK$0.10 each in the Company at 31 December 2014 (continued)

Notes:

(1) On 16 April 2014, CITIC Group Corporation ("CITIC") and its wholly-owned subsidiary Beijing CITIC Enterprise Management Company Limited ("Beijing CITIC") entered into a share transfer agreement with CITIC Limited (formerly known as CITIC Pacific Limited), pursuant to which CITIC and Beijing CITIC agreed to transfer 100% of the total issued share capital of CITIC Corporation Limited (formerly known as CITIC Limited) to CITIC Limited (formerly known as CITIC Pacific Limited). The share transfer was completed on 25 August 2014. CITIC Limited becomes the sole direct shareholder of the CITIC Corporation Limited and CITIC Limited becomes the subsidiary of CITIC.

(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"). CITIC Projects is a wholly-owned subsidiary of CITIC Corporation Limited, which in turn a wholly-owned subsidiary of CITIC Limited. CITIC Limited is a subsidiary of the CITIC. Accordingly, Able Star, CITIC Asia, CITIC Projects, CITIC Corporation Limited, CITIC Limited and CITIC 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.

(4) On 23 December 2014, a subsidiary of The Carlyle Group L.P. ("Carlyle") has entered into a Share Purchase Agreement ("SPA") with GE to acquire all GE's shareholdings in Bowenvale. Upon the effective date of the SPA, Carlyle will become a shareholder of Bowenvale and have same voting right as CITIC in Bowenvale. Accordingly, Carlyle is deemed to be interested in the total of 291,174,695 shares of the Company held by Bowenvale. As of date of this report, SPA is yet effective and still subject to the satisfaction of certain conditions.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2014, the total revenue from the Group's five largest customers represented 29% of the Group's consolidated revenue and the total revenue from the Group's largest customer represented 9% of the Group's consolidated revenue. The total amount of purchases attributable to the Group's five largest suppliers was 30% of the total purchases and the largest supplier represented 18% of the Group's total purchases.

None of the Directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in these major suppliers or customers.

CONTINUING CONNECTED TRANSACTIONS

Certain related-party transactions as disclosed in Note 28 to the consolidated financial statements also constituted connected transactions under the Listing Rules, required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with the requirements of the Listing Rules.

The Group has signed the 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 revenue generated from this agreement amounted to HK$261,071,000 (2013: HK$268,778,000). Furthermore, pursuant to this agreement, CITICSat is responsible for marketing activities in China on behalf of the Group. In return, the Group reimburses the expenditure CITICSat incurs plus a marketing fee, which is collectively known as the marketing expense. The amount of marketing expenses paid in year 2014 was HK$9,781,000 (2013: HK$10,814,000).

The continuing connected transaction have been reviewed by INEDs of the Company. The INEDs confirmed that the connected transactions were entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions as disclosed by the Group above in accordance with paragraph 14A.57 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The Group has also entered into certain continuing connected transactions with connected parties which are qualified as de minimis transactions in accordance with paragraph 14A.76(1) of the Listing Rules, and hence are exempted from reporting, annual review, announcement and independent shareholders' approval requirement.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to, and within the knowledge of, the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares as at 26 March 2015.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers, who retire and, being eligible, offer themselves for re-appointment.

By order of the Board

Sue YEUNG
Company Secretary

Hong Kong, 26 March 2015

Audit Committee Report

The AC has six members, four of whom are INEDs and two are NEDs with observer status and no voting rights.

The AC oversees the financial reporting process. In this process, management is responsible for the preparation of Group's financial statements including the selection of suitable accounting policies. The IA is responsible for auditing and attesting to the Group's financial statements and evaluating the Group's system of internal controls, including the effectiveness of internal control over financial reporting. The AC oversees the respective work of management and the IA to endorse the processes and safeguards employed by them. The AC reports to the Board on its findings after each AC meeting.

The AC reviewed and discussed with management and the IA the 2014 consolidated financial statements included in the 2014 Annual Report. In this regard, the AC had discussions with management with regard to new, or changes in, accounting policies as applied and significant judgments affecting the Group's financial statements. The AC also received reports and met with the IA to discuss the general scope of their audit work (including the impact of changes in accounting policies as applied), and their assessment of Group internal controls.

Based on these reviews and discussions and the report of the IA, the AC recommended to the Board approval of the consolidated financial statements for the year ended 31 December 2014, with the Independent Auditor's Report thereon.

The AC also reviewed and recommended to the Board approval of the unaudited condensed consolidated financial information for the first six months of 2014, prior to public announcement and filing.

The AC recommended to the Board that the shareholders be asked to re-appoint PricewaterhouseCoopers as the Group's IA for 2015.

MEMBERS OF THE AUDIT COMMITTEE

Kenneth McKelvie	*(Chairman)*
Stephen Lee Hoi Yin	
James Watkins	
Maura Wong Hung Hung	
Ju Wei Min	*(Non-voting)*
Nancy Ku	*(Non-voting)*

Hong Kong, 26 March 2015

Index to the Consolidated Financial Statements

Consolidated Statement of Comprehensive Income

	Note	2014 HK$'000	2013 HK$'000
		Year ended 31 December	
Revenue	5	**1,364,958**	1,498,631
Cost of services	7	**(577,418)**	(540,278)
Gross profit		**787,540**	958,353
Administrative expenses	7	**(149,848)**	(87,573)
Other gains — net	6	**88,640**	26,967
Operating profit		**726,332**	897,747
Finance expenses	9	**(3,112)**	—
Profit before income tax		**723,220**	897,747
Income tax expense	10	**(164,200)**	(150,227)
Profit and total comprehensive income for the year		**559,020**	747,520
Profit and total comprehensive income attributable to:			
Owners of the Company		**559,139**	747,640
Non-controlling interests		**(119)**	(120)
		559,020	747,520
Earnings per share attributable to the owners of the Company for the year (expressed in HK$ per share)			
Basic earnings per share	12	**1.43**	1.91
Diluted earnings per share	12	**1.43**	1.91
Dividends	13	**222,981**	946,693

The notes on pages 57 to 111 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Note	As at 31 December 2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	14	**18,951**	19,534
Property, plant and equipment	15	**6,710,503**	6,604,655
Unbilled receivables		**7,668**	3,005
Deposit	17	**2,616**	2,616
Total non-current assets		**6,739,738**	6,629,810
Current assets			
Trade and other receivables	17	**460,515**	405,813
Cash and bank balances	18	**3,345,672**	1,501,110
Total current assets		**3,806,187**	1,906,923
Total assets		**10,545,925**	8,536,733
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	19	**39,120**	39,120
Reserves	20(a)		
— Retained earnings		**6,883,557**	6,556,941
— Proposed final dividend	13	**152,566**	312,956
— Proposed special dividend	13	**—**	586,794
— Other reserves		**30,998**	25,059
		7,106,241	7,520,870
Non-controlling interests		**782**	901
Total equity		**7,107,023**	7,521,771

Consolidated Statement of Financial Position

	Note	As at 31 December 2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	21	**1,929,333**	—
Deferred income tax liabilities	23	**397,035**	389,307
Deferred revenue	22	**93,914**	54,377
Other amounts received in advance		**1,377**	1,377
Total non-current liabilities		**2,421,659**	445,061
Current liabilities			
Bank borrowings	21	**254,039**	—
Construction payables		**101,693**	12,882
Other payables and accrued expenses		**109,932**	65,331
Deferred revenue	22	**193,399**	199,166
Current income tax liabilities		**358,180**	292,522
Total current liabilities		**1,017,243**	569,901
Total liabilities		**3,438,902**	1,014,962
Total equity and liabilities		**10,545,925**	8,536,733
Net current assets		**2,788,944**	1,337,022
Total assets less current liabilities		**9,528,682**	7,966,832

The notes on pages 57 to 111 are an integral part of these consolidated financial statements.

The financial statements on pages 51 to 111 were approved by the Board of Directors on 26 March 2015 and were signed on its behalf.

JU Wei Min
Director

Willian WADE
Director

Statement of Financial Position

	Note	As at 31 December 2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Investments in subsidiaries	16	**456,931**	455,623
Total non-current assets		**456,931**	455,623
Current assets			
Amount due from a subsidiary	16	**32,201**	30,392
Other receivables, deposits and prepayments		**595**	460
Total current assets		**32,796**	30,852
Total assets		**489,727**	486,475
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	19	**39,120**	39,120
Reserves	20(b)	**445,695**	443,510
Total equity		**484,815**	482,630
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		**4,911**	3,670
Current income tax liabilities		**1**	175
Total liabilities		**4,912**	3,845
Total equity and liabilities		**489,727**	486,475
Net current assets		**27,884**	27,007
Total assets less current liabilities		**484,815**	482,630

The notes on pages 57 to 111 are an integral part of these financial statements.

The financial statements on pages 51 to 111 were approved by the Board of Directors on 26 March 2015 and were signed on its behalf.

JU Wei Min
Director

Willian WADE
Director

Consolidated Statement of Changes in Equity

	Note	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	Non-controlling interests HK$'000	Total equity HK$'000
		Attributable to owners of the Company							
Balance at 1 January 2013		39,120	17,866	(1,712)	14,136	7,468,928	7,538,338	1,021	7,539,359
Comprehensive income									
Profit or loss		–	–	–	–	747,640	747,640	(120)	747,520
Transactions with owners									
Employees share award scheme:									
– Shares held under Share Award Scheme		–	–	(24,242)	–	–	(24,242)	–	(24,242)
– Share-based payment		–	–	–	9,131	–	9,131	–	9,131
– Shares vested under Share Award Scheme		–	–	16,850	(16,850)	–	–	–	–
Transfer to share-based payment reserve		–	–	–	9,880	(9,880)	–	–	–
Final and special dividends relating to 2012	13	–	–	–	–	(704,152)	(704,152)	–	(704,152)
Interim dividend relating to 2013	13	–	–	–	–	(46,943)	(46,943)	–	(46,943)
Dividend for shares held by Share Award Trust		–	–	–	–	1,098	1,098	–	1,098
Total transactions with owners, recognised directly in equity		–	–	(7,392)	2,161	(759,877)	(765,108)	–	(765,108)
Balance at 31 December 2013		39,120	17,866	(9,104)	16,297	7,456,691	7,520,870	901	7,521,771
Balance at 1 January 2014		39,120	17,866	(9,104)	16,297	7,456,691	7,520,870	901	7,521,771
Comprehensive income									
Profit or loss		–	–	–	–	559,139	559,139	(119)	559,020
Transactions with owners									
Employees share award scheme:									
– Shares held under Share Award Scheme		–	–	(16,169)	–	–	(16,169)	–	(16,169)
– Share-based payment		–	–	–	11,178	–	11,178	–	11,178
– Shares vested under Share Award Scheme		–	–	20,399	(20,399)	–	–	–	–
Transfer to share-based payment reserve		–	–	–	10,930	(10,930)	–	–	–
Final and special dividends relating to 2013	13	–	–	–	–	(899,750)	(899,750)	–	(899,750)
Interim dividend relating to 2014	13	–	–	–	–	(70,415)	(70,415)	–	(70,415)
Dividend for shares held by Share Award Trust		–	–	–	–	1,388	1,388	–	1,388
Total transactions with owners, recognised directly in equity		–	–	4,230	1,709	(979,707)	(973,768)	–	(973,768)
Balance at 31 December 2014		39,120	17,866	(4,874)	18,006	7,036,123	7,106,241	782	7,107,023

The notes on pages 57 to 111 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December 2014 HK$'000	2013 HK$'000
Cash flows from operating activities			
Cash generated from operations	24	**1,123,190**	1,273,720
Interest paid		**(28,112)**	—
Hong Kong profits tax paid		**(268)**	(218)
Overseas tax paid		**(82,925)**	(70,084)
Net cash generated from operating activities		**1,011,885**	1,203,418
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,024,390)**	(1,073,884)
Proceeds from disposals of property, plant and equipment	24	**325**	765
Interest received		**37,509**	21,427
(Increase)/decrease in short-term bank deposits with maturities over three months		**(1,247,818)**	397,561
Proceeds from derecognition of property, plant and equipment held under lease arrangement		**635,628**	—
Net cash used in investing activities		**(1,598,746)**	(654,131)
Cash flows from financing activities			
Purchases of shares under Share Award Scheme		**(16,169)**	(24,242)
Proceeds from bank borrowings		**2,172,884**	—
Dividends paid	13	**(968,777)**	(749,997)
Net cash generated from/(used in) financing activities		**1,187,938**	(774,239)
Net increase/(decrease) in cash and cash equivalents		**601,077**	(224,952)
Cash and cash equivalents at beginning of the year		**564,078**	789,030
Cash and cash equivalents at end of the year	18	**1,165,155**	564,078

The notes on pages 57 to 111 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 GENERAL INFORMATION

Asia Satellite Telecommunications Holdings Limited (the "Company") and its subsidiaries (together, the "Group") are engaged in the provision of transponder capacity.

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 is listed on The Stock Exchange of Hong Kong Limited.

These consolidated financial statements are presented in thousands of Hong Kong dollars, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2015 and signed on its behalf by Mr. JU Wei Min (Director) and Mr. William WADE (Director).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (together, the "Group") have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and have been prepared under the historical cost convention.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The new and amended standards that are mandatory for the first time for the financial year beginning 1 January 2014 include the following:

HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosure for Non-Financial Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of Derivatives
HKFRS 10, HKFRS 12 and HKAS 27 (Amendment)	Amendments to HKFRS 10, HKFRS 12, and HKAS 27 Investment Entities
HK(IFRIC)-Int 21	Levies

The adoption of these new and amended standards did not result in substantial changes to the accounting policies and financial statements of the Group in the current year.

(b) New and amended standards not yet adopted by the Group

The following standards and amendments to existing standards have been issued, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

HKFRSs (Amendments)	Improvements to HKFRSs 2012[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2013[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2014[2]
HKAS 1 (Amendment)	Presentation of Financial Statements[2]
HKAS 16 and HKAS 38 (Amendment)	Classification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants[2]
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements[2]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities[2]
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between Investor and its Associate or Joint Venture[2]
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 9	Financial Instruments[4]

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Changes in accounting policies and disclosures (continued)

(b) New and amended standards not yet adopted by the Group (continued)

[1] Effective for the Group for annual periods beginning on or after 1 July 2014
[2] Effective for the Group for annual periods beginning on or after 1 January 2016
[3] Effective for the Group for annual periods beginning on or after 1 January 2017
[4] Effective for the Group for annual periods beginning on or after 1 January 2018

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application and is not yet in a position to state whether these new and amended standards will have any significant impact on the Group's reported result of operations and financial position.

2.2 Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls entities when the Group is exposed to, or has rights to, variable returns from its involvement with the entities and has the ability to affect those returns through its power over the entities. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Consolidation (Continued)

(b) Transactions with non-controlling interests

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the President and Chief Executive Officer who makes strategic decisions.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Hong Kong dollars (HK$), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within 'Administrative expenses'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

(ii) income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Buildings in the course of development for production or administrative purposes are carried at cost, less any identified impairment loss. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Satellites under construction includes the manufacturing costs, launch costs and any other relevant direct costs when billed or incurred and is carried at cost less any identified impairment loss. When the satellite is subsequently put into service, the expenditure is transferred to satellites in operation and depreciation will commence.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial year in which they are incurred.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Assets held under finance lease are derecognised and finance lease receivables are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, at the following rates per annum:

Satellites:	
— AsiaSat 3S	6.25%
— AsiaSat 4	6.67%
— AsiaSat 5	6.25%
— AsiaSat 7	6.25%
Buildings	4%
Tracking facilities	10%–20%
Furniture, fixtures and fittings	20%–33%
Office equipment	25%–33%
Motor vehicles	25%
Teleport equipment	30%
Plant and machinery	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are recognised within 'Other gains — net' in the consolidated statement of comprehensive income.

2.7 Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the statement of financial position (Notes 2.9 and 2.10). Loans and receivables are recognised at fair value and subsequently carried at amortised cost using the effective interest method.

(b) Impairment of financial assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that it would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Financial assets (Continued)

(b) Impairment of financial assets carried at amortised cost (Continued)

- The disappearance of an active market for that financial asset because of financial difficulties; or

- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio; and

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Trade and other receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, short-term highly liquid investments with original maturities of three months or less.

2.11 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

2.12 Construction payables

Construction payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Construction payables are classified as current liabilities if payments are expected to due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Current and deferred income tax (Continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits

(a) Pension obligations

The Group participates in defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as employee benefit expense when they are due and are reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Share-based compensation

The Group operates an equity-settled, share-based compensation plan namely a share award scheme under which the entity receives services from employees as consideration for equity instruments (award shares) of the Group. The Group grants shares of the Company to employees under the share award scheme. The award shares are purchased from the open market and the cost of shares purchased is recognised in equity as treasury stock called "shares held under share award scheme". The fair value of the employee services received in exchange for the grant of the award shares is recognised as an expense with a corresponding increase in share-based payment reserve. The total amount to be expensed is determined by reference to the fair value of the award shares granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of award shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of award shares that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Employee benefits (continued)

(b) Share-based compensation (continued)

The grant by the Company of award shares over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

(c) Performance-based bonus

The expected costs of performance-based bonuses are recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for performance-based bonuses are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.17 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.18 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Contingent liabilities and contingent assets (continued)

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

Contingent assets are not recognised but are disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.19 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services supplied, stated net of discounts returns and value added taxes.

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities, as described below.

(a) Revenue from transponder utilisation is recognised on a straight-line basis over the period of the agreements when services are rendered. The excess of revenue recognised on a straight-line basis over the amount received and receivables from customers in accordance with the contract terms is shown as unbilled receivables.

(b) Revenue from the sale of transponder capacity under transponder purchase agreements is recognised on a straight-line basis from the date of delivery of the transponder capacity until the end of the estimated useful life of the satellite.

    Services under transponder utilisation agreements are generally billed quarterly in advance. Such amounts received in advance and amounts received from the sale of transponder capacity under transponder purchase agreements in excess of amounts recognised as revenue are recorded as deferred revenue. Deferred revenue which will be recognised in the following year is classified under current liabilities and amounts which will be recognised after one year are classified as non-current.

    Deposits received in advance in connection with the provision of transponder capacity are deferred and included in other payables.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition (Continued)

(c) Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: currency risk, fair value interest rate risk, cash flow interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign exchange risk

During the year, almost all of the Group's revenues, premiums for satellite insurance coverage, interest expenses and substantially all capital expenditure were denominated in United States Dollars and Renminbi. The Group's remaining expenses were primarily denominated in Hong Kong Dollars. At 31 December 2014 and 2013, the majority of the Group's transponder utilisation agreements, transponder purchase agreements, obligations to purchase telemetry, tracking and control equipment and bank borrowings were denominated in United States Dollars and Renminbi. As Hong Kong Dollars are pegged to United States Dollars, the Group does not have any significant currency exposure and does not need to hedge. The Group has not hedged the foreign currency exposure in relation to Renminbi.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

At 31 December 2014, certain trade receivables and cash and bank balances were denominated in Renminbi ("RMB") and the foreign currency exposure is analysed as follows:

	2014 RMB'000	2013 RMB'000
Trade receivables	**160,969**	136,134
Cash and bank balances	**332,695**	490,049

At 31 December 2014, it is estimated that a general increase/decrease of 500 basis points in the exchange rate of Renminbi against Hong Kong Dollars, with all other variables held constant, would increase/decrease the Group's profit for the year and retained earnings by approximately HK$28,533,000 (2013: HK$36,447,000).

The sensitivity analysis above has been determined assuming that the change in foreign currency exchange rate had occurred at the reporting date and had been applied to the amount receivable in Renminbi at that date. The 500 basis points increase/decrease represents management's assessment of a reasonably possible change in the foreign currency exchange rate over the period until the next annual reporting date. The analysis is presented on the same basis for 2013.

(b) Credit risk

The Group has no significant concentrations of credit risk. Credit risk of the Group arises from credit exposures to its customers and cash and bank balances.

The Group assesses the credit quality of its customers by taking account of their financial position, past experience and current collection trends that are expected to continue. The Group's evaluation also includes the length of time the receivables are past due and the general business environment. This credit risk is not considered significant because the Group does not normally provide credit terms to its trade customers. The Group usually bills its trade customers quarterly in advance in accordance with its agreements. The Group also requires bank guarantees and deposits from certain trade customers to manage the credit exposure. Moreover, the Group only places cash and deposits with reputable banks and financial institutions.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Cash flow and fair value interest rate risk

The Group's exposure to interest rate risk arises from its bank deposits and bank borrowings. Bank borrowings obtained at a fixed rate expose the Group to fair value interest rate risk. Short-term bank deposits which are affected by the changes in market interest rates expose the Group to cash flow interest rate risk.

The Group has no variable-rate bank borrowings but has cash balances placed with reputable banks and financial institutions, which generate interest income for the Group. The Group manages its interest rate risk by placing such balances on various maturities and interest rate terms.

The following table details the interest rate profiles of the Group's short-term deposits:

	2014		2013	
	Effective interest rate		Effective interest rate	
	%	**HK$'000**	%	HK$'000
Short-term deposits	**1.6%**	**3,114,220**	1.5%	1,480,801

At 31 December 2014, it is estimated that a general increase/decrease of 100 basis points in the interest rate, with all other variables held constant, would increase/decrease the Group's profit for the year and retained earnings by approximately HK$31,142,000 (2013: HK$14,808,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the interest-bearing short-term bank deposits in existence at that date. The 100 basis points increase/decrease represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting date. The analysis is performed on the same basis for 2013.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Liquidity risk

The Group manages its liquidity risk by ensuring it has sufficient liquid cash balances to meet its payment obligations as they fall due. The Group closely monitors its exposure to liquidity risk by reviewing the cash position report on a quarterly basis. The Group invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room to meet operation needs. The Group also reviews different funding options regularly in case needs arise.

As at 31 December 2014, the Group had available unutilised bank loan facilities of approximately HK$437,898,000 (2013: HK$2,695,090,000). The Group had subsequently drawn down the bank loan facilities of approximately HK$195,894,000 on 9 February 2015. The remaining unutilised bank loan facilities were cancelled on 13 February 2015.

The non-derivative financial liabilities of the Group as at 31 December are analysed into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date in the table below. The amounts disclosed in the table are the contractual undiscounted cash flows.

Group

	2014				2013		
	Within 1 year HK$'000	**More than 1 year but less than 5 years HK$'000**	**More than 5 years HK$'000**	**Total HK$'000**	Within 1 year HK$'000	More than 1 year but less than 3 years HK$'000	Total HK$'000
Bank borrowings	**344,964**	**1,224,221**	**978,774**	**2,547,959**	—	—	—
Construction payables	**101,693**	**—**	**—**	**101,693**	12,882	—	12,882
Other payables and accrued expenses	**109,932**	**—**	**—**	**109,932**	65,331	—	65,331
	556,589	**1,224,221**	**978,774**	**2,759,584**	78,213	—	78,213

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(d) Liquidity risk (Continued)

Company

	2014				2013		
	Within 1 year HK$'000	**More than 1 year but less than 5 years HK$'000**	**More than 5 years HK$'000**	**Total HK$'000**	Within 1 year HK$'000	More than 1 year but less than 3 years HK$'000	Total HK$'000
Other payables and accrued expenses	**4,911**	**—**	**—**	**4,911**	3,670	—	3,670

3.2 Capital management

The Group's objectives when managing capital, which comprises all capital and reserves attributable to the owners, are:

- To safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders;
- To support the business growth; and
- To maintain a strong credit rating.

The Group actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

In December 2013, the Group entered a long-term loan agreement to finance the construction of AsiaSat 6 and AsiaSat 8 satellites. The Group is required to comply with certain financial covenants. If the Group were to breach the covenants, the loans would become payable on demand. The Group regularly monitors its compliance with these covenants. For the year ended 31 December 2014, the Group complied with all of the above covenants.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital management (Continued)

In this regard, the Group adopted a strategy in 2014 to monitor the capital structure on the basis of the gearing ratio not exceeding 50%. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total interest bearing bank borrowings (including 'current and non-current bank borrowings' as shown in the consolidated statement of financial position) less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

	2014	2013
	HK$'000	HK$'000
Total bank borrowings (Note 21)	**2,183,372**	—
Less : cash and bank balances (Note 18)	**(3,345,672)**	(1,501,110)
Net cash	**(1,162,300)**	(1,501,110)

The Group has adopted a dividend policy of providing shareholders with a dividend payout ratio between 30% to 50% of the profit for the year.

Nevertheless, in order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

3.3 Fair value estimation

Except for bank borrowings (Note 21), the carrying value of the Group's financial assets and financial liabilities is a reasonable approximation of their fair values due to the relatively short term nature of these financial instruments.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of in-orbit satellites

The Group's operations are capital intensive and it has significant investments in satellites. The carrying value of the Group's in-orbit satellites that have been commissioned and brought into service (AsiaSat 3S, AsiaSat 4, AsiaSat 5 and AsiaSat 7) represented 31% of its total assets as of 31 December 2014 (2013: 44%). The Group estimates the useful lives of satellites in order to determine the amount of depreciation expense to be recorded during the reporting period. The useful lives are estimated at the time satellites are put into orbit and are based on historical experience with other satellites as well as the anticipated technological evolution or other environmental changes. If technological changes were to occur more rapidly than anticipated or in a different form than anticipated, the useful lives assigned to these satellites may need to be shortened, resulting in the recognition of increased depreciation in a future period. Similarly, if the actual lives of satellites are longer than the Group has estimated, the Group would have a smaller depreciation expense. As a result, if the Group's estimations of the useful lives of its satellites are not accurate or are required to be changed in the future, the Group's net income in future periods would be affected.

For the year ended 31 December 2014, it is estimated that a general increase/decrease of one year of useful life of the in-orbit satellites, with all other variables held constant, would decrease/increase the depreciation charge for the year by approximately HK$26,120,000 (2013: HK$26,120,000) and HK$29,778,000 (2013: HK$29,778,000) respectively.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

4.2 Critical judgments in applying the entity's accounting policies

(a) Income taxes

The Group is subject to income taxes in a number of jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes and the deductibility of certain expenses items. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(b) Impairment of the carrying amounts of long-lived assets

The Group is required to evaluate at each reporting date whether there is any indication that the carrying amounts of long-lived assets (primarily its satellites) may be impaired. If any such indication exists, the Group should estimate the recoverable amount of the long-lived assets. An impairment loss is recognised for the excess of the carrying amount of such long-lived assets over their recoverable amounts. The recoverable amount is determined at the higher of fair value less costs to sell and value in use. The value in use is the discounted present value of the cash flows expected to arise from the continuing use of long-lived assets and cash arising from its disposal at the end of its useful life. The estimates of the cash flows are based on the terms and period of existing transponder utilisation agreements ("Existing Agreements") and the anticipated renewal of these Existing Agreements.

Modifications to the terms of the Existing Agreements that result in shorter utilisation periods than previously agreed and/or those that result in the reduction in agreed rates will result in a lower recoverable amount (if the discount rate used is not changed); which may, in turn, result in a situation wherein the recoverable amounts are less than the carrying amounts (therefore, an impairment loss would need to be recognised).

At 31 December 2014 and 2013, there had been no indication that the carrying amounts of long-lived assets of the Group may have become impaired.

(c) Provision for impairment loss of trade receivables

Refer to credit risk in Note 3.1 (b) above for details.

5 REVENUE AND SEGMENT INFORMATION

(a) Revenue:

The Group's revenue is analysed as follows:

	2014 HK$'000	2013 HK$'000
Income from provision of satellite transponder capacity		
— recurring (Note)	**1,297,323**	1,446,195
— non-recurring	**7,488**	4,368
Sales of satellite transponder capacity	**22,495**	17,818
Other revenues	**37,652**	30,250
	1,364,958	1,498,631

Note : For the year ended 31 December 2014, a total amount of HK$55,018,000 (2013: HK$50,345,000) was recorded as the additional revenue received or receivable from certain customers following the enactment of the Finance Act in India in 2012, which imposes tax on the Group for revenue that could be considered as Indian sourced subject to Indian Court's final decision. Further details were set out in Note 10 to these consolidated financial statements.

(b) Segment information:

The chief operating decision-maker has been identified as the President and Chief Executive Officer of the Group. The President and Chief Executive Officer considers the business from a product perspective which is the operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunication. As the Group has only one operating segment qualified as reporting segment under HKFRS 8 and the information that regularly reviewed by the President and Chief Executive Officer for the purposes of allocating resources and assessing performance of the operating segment is the financial statements of the Group, no separate segmental analysis is presented in these financial statements.

Revenue reported in Note 5(a) above represented transactions with third parties and are reported to the President and Chief Executive Officer in a manner consistent with that in the consolidated statement of comprehensive income.

The Group is domiciled in Hong Kong. The revenue from customers in Hong Kong and Greater China for the year ended 31 December 2014 are HK$211,008,000 (2013: HK$254,800,000) and HK$290,352,000 (2013: HK$298,568,000) respectively, and the total revenue from customers in other countries is HK$863,598,000 (2013: HK$945,263,000). For the purpose of classification, the geographical source of revenue is determined based on the place of incorporation of the customers instead of the footprint of the satellites of the Group which may involve transmission to multiple geographical areas under a single satellite transponder capacity arrangement.

5 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information: (Continued)

For the year ended 31 December 2014, revenue of approximately HK$123,626,000 (2013: HK$152,284,000) are derived from a single external customer. These revenue are attributable to the provision of satellite telecommunication systems for broadcasting and telecommunication.

The amounts provided to the President and Chief Executive Officer with respect to total assets and total liabilities are measured in a manner consistent with that in the consolidated statement of financial position. All assets and liabilities are related to the only operating segment of the Group whose operation is domiciled in Hong Kong.

6 OTHER GAINS — NET

	2014	2013
	HK$'000	HK$'000
Interest income	**39,879**	24,188
Net gain on disposals of property, plant and equipment	**325**	428
Finance income on lease arrangement	**48,436**	—
Others	**—**	2,351
	88,640	26,967

7 EXPENSES BY NATURE

Expenses included in cost of services and administrative expenses are analysed as follows:

	2014 HK$'000	2013 HK$'000
Auditor's remuneration		
— audit services	**1,545**	1,445
— non-audit services	**995**	1,099
(Write back)/provision for impairment of		
— trade receivables, net (Note 17)	**(3,266)**	(10,879)
— other receivables (Note 17)	**4,403**	—
Bad debts written off	**1,182**	—
Depreciation of property, plant and equipment (Note 15)	**466,818**	437,024
Employee benefit expense (Note 8)	**139,138**	127,795
Operating leases		
— Office premises	**9,098**	11,355
— Leasehold land and land use rights (Note 14)	**583**	583
Net exchange loss/(gain)	**8,494**	(24,626)
Marketing and promotions expense	**6,863**	9,039
Satellite operations	**10,099**	6,398

8 EMPLOYEE BENEFIT EXPENSE

	2014 HK$'000	2013 HK$'000
Salary and other benefits, including directors' remuneration	**118,961**	110,261
Share-based payment	**11,178**	9,131
Pension costs — defined contribution plans	**8,999**	8,403
Total staff costs	**139,138**	127,795

	2014	2013
Number of employees	**133**	134

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(a) Pensions — defined contribution plans

Forfeited contributions totaling HK$103,000 (2013: HK$315,000) were fully utilised during the year, leaving no available balance at the year end to reduce future contributions.

There was no outstanding balance of contribution payable at both 31 December 2014 and 31 December 2013.

(b) Directors' emoluments

The remuneration of every Director for the year ended 31 December 2014 is set out below:

Name of Director	Fees	Salary	Performance related bonuses	Other benefits (a)	Employer's contribution to pension scheme	Share-based payment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
JU Wei Min (b) & (e)	209	—	—	—	—	—	209
LUO Ning (b) & (e)	104	—	—	—	—	—	104
Peter JACKSON (b) & (e)	156	—	—	—	—	—	156
Sherwood P. DODGE (c) & (e)	209	—	—	—	—	—	209
John F. CONNELLY (c) & (e)	104	—	—	—	—	—	104
Nancy KU (c) & (e)	104	—	—	—	—	—	104
James WATKINS	381	—	—	—	—	—	381
Stephen Lee Hoi Yin	381	—	—	—	—	—	381
Kenneth McKelvie	411	—	—	—	—	—	411
Maura Wong Hung Hung	381	—	—	—	—	—	381
Chong Chi Yeung	—	—	—	—	—	—	—
William WADE (d)	—	6,066	1,517	398	910	1,565	10,456
Total	2,440	6,066	1,517	398	910	1,565	12,896

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Directors' emoluments (Continued)

The remuneration of every Director for the year ended 31 December 2013 is set out below:

Name of Director	Fees HK$'000	Salary HK$'000	Performance related bonuses HK$'000	Other benefits (a) HK$'000	Employer's contribution to pension scheme HK$'000	Share-based payment HK$'000	Total HK$'000
JU Wei Min (b) & (e)	200	–	–	–	–	–	200
LUO Ning (b) & (e)	100	–	–	–	–	–	100
Peter JACKSON (b) & (e)	127	–	–	–	–	–	127
MI Zeng Xin (b) & (e)	35	–	–	–	–	–	35
Sherwood P. DODGE (c) & (e)	200	–	–	–	–	–	200
John F. CONNELLY (c) & (e)	123	–	–	–	–	–	123
Nancy KU (c) & (e)	100	–	–	–	–	–	100
Mark CHEN (c) & (e)	35	–	–	–	–	–	35
James WATKINS	366	–	–	–	–	–	366
Stephen Lee Hoi Yin	259	–	–	–	–	–	259
Kenneth McKelvie	274	–	–	–	–	–	274
Maura Wong Hung Hung	220	–	–	–	–	–	220
Edward CHEN	172	–	–	–	–	–	172
Robert SZE	185	–	–	–	–	–	185
Chong Chi Yeung	–	–	–	–	–	–	–
William WADE (d)	–	5,816	2,676	486	872	1,393	11,243
Total	2,396	5,816	2,676	486	872	1,393	13,639

Notes:

(a) Other benefits include car and insurance premium and are short-term in nature.

(b) Paid to a subsidiary of CITIC.

(c) Paid to a subsidiary of GE.

(d) Mr. WADE is also the President and Chief Executive Officer of the Group.

(e) In addition to the directors' emoluments disclosed above, these directors of the Company receive emoluments from the Company, part of which is in respect of their services to the Company and its subsidiaries. No apportionment has been made as these directors consider that it is impracticable to apportion this amount between their services to the Company and their services to the subsidiaries.

8 EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include one (2013: one) director whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining four (2013: four) individuals during the year are as follows:

	2014 HK$'000	2013 HK$'000
Basic salaries, other allowances and benefits in kind	15,830	15,299
Employer's contribution to pension scheme	1,757	1,697
Performance related bonuses	2,776	6,235
Share-based payment	3,824	3,221
	24,187	26,452

The emoluments fell within the following bands:

	Number of individuals	
	2014	2013
Emolument bands		
HK$5,500,001–HK$6,000,000	1	—
HK$6,000,001–HK$6,500,000	2	3
HK$6,500,001–HK$7,000,000	1	—
HK$7,000,001–HK$7,500,000	—	1
	4	4

9 FINANCE EXPENSES

	2014 HK$'000	2013 HK$'000
Interest expenses incurred on bank borrowings	**49,667**	—
Less : Interest capitalised on qualifying assets	**(46,555)**	—
Total	**3,112**	—

The interest rate applied in determining the amount of interest capitalised in 2014 was 3.51% (2013: Nil).

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% (2013: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation, that range from 7% to 43.26% (2013: 7% to 43.26%), prevailing in the countries in which the profit is earned.

	2014 HK$'000	2013 HK$'000
Current income tax		
— Hong Kong profits tax	**48,975**	26,297
— Overseas taxation (Note (b))	**86,161**	87,542
— Adjustments in respect of prior years (Note (a))	**21,336**	—
Total current tax	**156,472**	113,839
Deferred income tax (Note 23)	**7,728**	36,388
Income tax expense	**164,200**	150,227

10 INCOME TAX EXPENSE (CONTINUED)

Note:

(a) During the year ended 31 December 2014, the Group has received assessment notices from a tax authority to disallow the deductibility of certain items in respect of previous assessment years. In view of the latest development of the case, the Group has made a provision of additional tax of HK$21,336,000 for prior years in accordance with the assessment notices received, notwithstanding that the Group has appealed against such assessments.

(b) The Group has been in dispute with the Indian tax authority ("IR") in respect of revenues earned from provision of satellite transponder capacity. The Group has been assessed for tax by the IR on revenues received for the provision of satellite transponder capacity to certain customers for purposes of those customers carrying on business in India or earning income from any source in India. Details were set out in Note 31 to the annual financial statements for the year ended 31 December 2011.

In May 2012, the Finance Bill was passed by the Indian Parliament and certain amendments were enacted with retrospective effect. Under the Indian Income Tax Act (as amended by the Finance Act), revenues received from the provision of satellite transponder capacity to customers which carry on business in India or earn income from any source in India ("Indian sourced") is chargeable to tax in India subject to the judicial interpretation of the amended provision by the Courts in India. As the Finance Act introduced certain amendments with retrospective effect, this may have significant unfavourable consequences to the Group's tax proceedings in the Indian Courts in respect of which orders in favour of the Group had been granted in the past. The amount of the Group's revenues that is deemed to be Indian sourced is yet to be decided by the Indian Courts and therefore the exact tax consequences are still uncertain.

Based on the latest advice received by the Group from the Group's advisers in India, the Group has recorded a provision of HK$65 million for the year ended 31 December 2014 (2013: HK$68 million) reflecting an appropriately conservative view based on the historical information currently available. Management intends to rigorously defend the Group's position in this regard in the ongoing tax proceedings in the Indian Courts.

10 INCOME TAX EXPENSE (CONTINUED)

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

	2014 HK$'000	2013 HK$'000
Profit before income tax	**723,220**	897,747
Tax calculated at tax rate of 16.5% (2013: 16.5%)	**119,331**	148,128
Tax effect of income not subject to income tax	**(120,131)**	(125,509)
Tax effect of expenses not deductible for tax purposes	**57,503**	40,071
Effect of income tax rate differential between Hong Kong and overseas locations	**86,161**	87,537
Adjustment in respect of prior years	**21,336**	—
Tax charge	**164,200**	150,227

The effective tax rate of the Group was 22.7% (2013: 16.7%).

The increase in effective tax rate was mainly attributable to the adjustment in respect of prior years as a result of a dispute with a tax authority.

11 PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The profit attributable to owners of the Company is dealt with in the financial statements of the Company to the extent of HK$970,641,000 (2013: HK$753,668,000).

12 EARNINGS PER SHARE

Basic

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

	2014 HK$'000	2013 HK$'000
Profit attributable to owners of the Company	559,139	747,640

	2014	2013
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	390,877	390,929
Basic earnings per share (HK$)	1.43	1.91

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

Diluted

Diluted earnings per share is calculated 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 were fully vested.

12 EARNINGS PER SHARE (CONTINUED)

Diluted (Continued)

	2014 HK$'000	2013 HK$'000
Profit attributable to owners of the Company	**559,139**	747,640

	2014	2013
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,877**	390,929
Effect of Award Shares (in thousands)	**584**	522
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	**391,461**	391,451
Diluted earnings per share (HK$)	**1.43**	1.91

13 DIVIDENDS

The dividends paid in 2014 and 2013 were HK$968,777,000 (HK$ 2.48 per share) and HK$749,997,000 (HK$1.92 per share) respectively. The directors recommend the payment of a final dividend of HK$0.39 per share (2013: a final dividend of HK$0.80 per share and a special dividend of HK$1.50 per share, totaling HK$2.30 per share). Such dividends are subject to approval by the shareholders at the Annual General Meeting on 24 June 2015. These financial statements do not reflect these dividends payable.

	2014 HK$'000	2013 HK$'000
Interim dividend paid of HK$0.18 (2013: HK$0.12) per ordinary share	**70,415**	46,943
Proposed final dividend of HK$0.39 (2013: HK$0.80) per ordinary share	**152,566**	312,956
Proposed special dividend of HK$ Nil (2013: HK$1.50) per ordinary share	**—**	586,794
	222,981	946,693

The aggregate amounts of the dividends paid and proposed during 2014 and 2013 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

14 LEASEHOLD LAND AND LAND USE RIGHTS — GROUP

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

	2014 HK$'000	2013 HK$'000
In Hong Kong held on:		
Leases of between 10 to 50 years	**18,951**	19,534
At 1 January	**19,534**	20,117
Amortisation of prepaid operating lease payments (Note 7)	**(583)**	(583)
At 31 December	**18,951**	19,534

15 PROPERTY, PLANT AND EQUIPMENT — GROUP

	Satellites and tracking facilities								
	In operation	Under Construction/ not ready for use	Buildings	Furniture, fixtures and fittings	Office equipment	Motor vehicles	Teleport equipment	Plant and equipment	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 January 2013									
Cost	5,019,819	3,580,413	165,067	13,735	3,908	3,727	36,889	706	8,824,264
Accumulated depreciation	(2,685,167)	—	(44,678)	(13,325)	(2,744)	(2,443)	(10,540)	(706)	(2,759,603)
Net book amount	2,334,652	3,580,413	120,389	410	1,164	1,284	26,349	—	6,064,661
Year ended 31 December 2013									
Opening net book amount	2,334,652	3,580,413	120,389	410	1,164	1,284	26,349	—	6,064,661
Additions	9,621	952,942	—	11,938	1,356	1,498	—	—	977,355
Transfer between categories	1,873,255	(1,873,255)	—	—	—	—	—	—	—
Disposals (Note 24)	(287)	—	—	(30)	—	(20)	—	—	(337)
Depreciation	(417,502)	—	(6,602)	(958)	(680)	(742)	(10,540)	—	(437,024)
Closing net book amount	3,799,739	2,660,100	113,787	11,360	1,840	2,020	15,809	—	6,604,655
At 31 December 2013									
Cost	6,902,344	2,660,100	165,067	17,141	5,018	4,107	36,889	704	9,791,370
Accumulated depreciation	(3,102,605)	—	(51,280)	(5,781)	(3,178)	(2,087)	(21,080)	(704)	(3,186,715)
Net book amount	3,799,739	2,660,100	113,787	11,360	1,840	2,020	15,809	—	6,604,655
Year ended 31 December 2014									
Opening net book amount	3,799,739	2,660,100	113,787	11,360	1,840	2,020	15,809	—	6,604,655
Additions	12,602	1,140,304	3,291	125	2,402	1,134	—	—	1,159,858
Transfer between categories	22,308	(22,308)	—	—	—	—	—	—	—
Disposals (Note 24)	—	—	—	—	—	—	—	—	—
Derecognition of assets held under lease arrangement	—	(587,192)	—	—	—	—	—	—	(587,192)
Depreciation	(444,556)	—	(6,849)	(3,107)	(840)	(926)	(10,540)	—	(466,818)
Closing net book amount	3,390,093	3,190,904	110,229	8,378	3,402	2,228	5,269	—	6,710,503
At 31 December 2014									
Cost	6,937,255	3,190,904	168,358	17,266	7,387	4,114	36,889	704	10,362,877
Accumulated depreciation	(3,547,162)	—	(58,129)	(8,888)	(3,985)	(1,886)	(31,620)	(704)	(3,652,374)
Net book amount	3,390,093	3,190,904	110,229	8,378	3,402	2,228	5,269	—	6,710,503

15 PROPERTY, PLANT AND EQUIPMENT — GROUP (CONTINUED)

Depreciation expense of HK$466,818,000 (2013: HK$437,024,000) has been charged in cost of services.

During the year ended 31 December 2014, the Group has capitalised borrowing costs amounting to HK$46,555,000 (2013: Nil) on qualifying assets. Borrowing costs were capitalised at the weighted average rate of 3.51% (2013: Nil).

16 INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK$'000	HK$'000
Unlisted shares in subsidiaries, at cost	**429,054**	429,054
Investment in Share Award Trust (Note b)	**27,877**	26,569
	456,931	455,623

At 31 December 2014, the amount due from a subsidiary of HK$32,201,000 (2013: HK$30,392,000), denominated in Hong Kong dollars, has no fixed terms of repayment and is unsecured and interest-free.

(a) Particulars of subsidiaries

The following is the list of the principal subsidiaries at 31 December 2014:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Interest held	
				2014	2013
AsiaSat BVI Limited#	British Virgin Islands, limited liability company	Investment holding in Hong Kong	3,000 ordinary shares of US$1 each	**100%**	100%
Asia Satellite Telecommunications Company Limited	Hong Kong, limited liability company	Provision of satellite transponder capacity worldwide	30,000 ordinary shares and 20,000 non-voting deferred shares of HK$10 each	**100%**	100%

Shares held directly by the Company.

16 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Controlled special purpose entity

The Company has set up a trust, Asia Satellite Share Award Trust (the "Trust"), for the purpose of administering the Share Award Scheme established by the Company during 2007. In accordance with HK(SIC), Int 12, the Company is required to consolidate the Trust as the Company has the power to govern the financial and operating policies of the Trust and can derive benefits from the contributions of employees who have been awarded the Awarded Shares through their employment with the Group.

Special purpose entity	Place of incorporation	Principal activities
Asia Satellite Share Award Trust	Jersey, Channel Islands	Administering and holding the Company's shares for the Share Award Scheme for the benefit of eligible employees

17 TRADE AND OTHER RECEIVABLES — GROUP

	2014 **HK$'000**	2013 HK$'000
Trade receivables	**250,775**	237,225
Trade receivables from related parties (Note 28(d))	**204,944**	170,337
Less: allowance for impairment of trade receivables	**(22,924)**	(30,022)
Trade receivables — net	**432,795**	377,540
Other receivables — net	**6,401**	8,169
Deposits and prepayments	**23,935**	22,720
	463,131	408,429
Less non-current portion: deposit	**(2,616)**	(2,616)
Current portion	**460,515**	405,813

All non-current receivables are due within five years from the end of the year.

The carrying amounts of trade and other receivables approximate their fair values.

17 TRADE AND OTHER RECEIVABLES — GROUP (CONTINUED)

The individually impaired other receivables mainly relate to an agent, which are long outstanding and proven to be irrecoverable during the year. It was assessed that the remaining portion of the other receivables is expected to be recovered.

A majority of the trade and other receivables are denominated in Hong Kong dollars, United States Dollars and RMB and the foreign exchange risk thereon are discussed in Note 3.1(a).

The Group generally bills its trade customers quarterly in advance in accordance with its agreements. The ageing analysis of trade receivables according to the due date is stated as follows:

	2014	2013
	HK$'000	HK$'000
Not yet due	**207,276**	195,479
1 to 30 days	**34,935**	56,393
31 to 60 days	**32,905**	18,192
61 to 90 days	**38,767**	22,189
91 to 180 days	**83,199**	46,844
181 days or above	**58,637**	68,465
	455,719	407,562

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers that are internationally dispersed.

As of 31 December 2014, trade receivables of HK$22,924,000 (2013: HK$30,022,000) were impaired and fully provided for. The impaired receivables mainly relate to customers' failure to make payment for more than six months. The ageing of these receivables is as follows:

	2014	2013
	HK$'000	HK$'000
Not yet due	**—**	38
1 to 30 days	**3,241**	2,339
31 to 60 days	**3,324**	418
61 to 90 days	**439**	42
91 to 180 days	**2,963**	3,092
181 days or above	**12,957**	24,093
	22,924	30,022

17 TRADE AND OTHER RECEIVABLES — GROUP (CONTINUED)

Movements on the allowance for impairment of trade receivables are as follows:

	2014 **HK$'000**	2013 HK$'000
At 1 January	**30,022**	41,954
Write back for impairment of receivables, net	**(3,266)**	(10,879)
Amounts written off	**(3,832)**	(1,053)
At 31 December	**22,924**	30,022

The creation and release of provision for impaired receivables have been included in administrative expenses in the consolidated statement of comprehensive income. Amounts charged to the allowance accounts are generally written off when they are proven to be irrecoverable.

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired are as follows:

	2014 **HK$'000**	2013 HK$'000
Not yet due	**207,276**	195,441
1 to 30 days	**31,694**	54,054
31 to 60 days	**29,581**	17,774
61 to 90 days	**38,328**	22,147
91 to 180 days	**80,236**	43,752
181 days or above	**45,680**	44,372
	432,795	377,540

Trade receivables that were past due but not impaired relate to a number of independent customers for whom there is no recent history of default. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

18 CASH AND BANK BALANCES — GROUP

	2014 HK$'000	2013 HK$'000
Cash at bank and on hand	**231,452**	20,309
Short-term bank deposits		
— mature within 3 months	**933,703**	543,769
— mature more than 3 months and within one year	**2,180,517**	937,032
	3,345,672	1,501,110

The effective interest rate on short-term bank deposits was 1.6% (2013: 1.5%). These deposits have an average maturity of 99 days (2013: 82 days).

Cash and bank balances include the following for the purposes of the consolidated statement of cash flows:

	2014 HK$'000	2013 HK$'000
Cash at bank and on hand	**231,452**	20,309
Short-term bank deposits		
— mature within 3 months	**933,703**	543,769
Cash and cash equivalents	**1,165,155**	564,078

19 SHARE CAPITAL

	2014 Number of shares ('000)	2014 HK$'000	2013 Number of shares ('000)	2013 HK$'000
Authorised :				
Ordinary shares at HK$0.10 each	**550,000**	**55,000**	550,000	55,000
Issued and fully paid :				
At 31 December	**391,196**	**39,120**	391,196	39,120

Share Award Scheme

Scheme adopted on 22 August 2007

On 22 August 2007, the Board approved the establishment of a Share Award Scheme ("Scheme") with the objective to enhance the competitiveness of the Group in attracting and retaining the best senior staff for the development of the Group's business. Under the Scheme, award shares of the Company ("Award Shares") are granted to eligible employees of the Company or any one of its subsidiaries.

Pursuant to the rules of the Scheme, the Company has set up the Trust for the purpose of administering the Scheme and holding the Award Shares before they vest (Note 16(b)). The Company pays cash to the Trust from time to time for the purchase of Award Shares.

Subject to the rules of the Scheme, the Board shall determine from time to time the dates on which the Award Shares for each grant are to vest to the relevant eligible employees, and initially the Board has determined that the Award Shares shall generally vest over a five year period in tranches of 25% each on every anniversary date of the grant date starting from the second anniversary date until the fifth anniversary date.

During the year, a total of 407,427 shares (2013: 443,274 shares) have been awarded to executive directors and employees at no consideration. A total of 661,132 shares (2013: 581,420 shares) at a cost of HK$20,399,000 (2013: HK$16,850,000) were vested during the year. No share (2013: 79,621 shares with a cost of HK$1,128,000) was forfeited during the year.

The number of shares awarded to and vested in the executive directors was 52,137 shares (2013: 61,501 shares) and 86,009 shares (2013: 80,540 shares) respectively for the year ended 31 December 2014.

19 SHARE CAPITAL (CONTINUED)

Share Award Scheme (continued)

Scheme adopted on 22 August 2007 (continued)

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

	2014		2013	
	Average fair value per share HK$	Number of Award Shares	Average fair value per share HK$	Number of Award Shares
At 1 January		1,872,842		2,090,609
Awarded	29.36	407,427	27.40	443,274
Forfeited	—	—	14.17	(79,621)
Vested	30.86	(661,132)	28.98	(581,420)
At 31 December		1,619,137		1,872,842

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

	2014		2013	
	Value HK$'000	Number of shares held	Value HK$'000	Number of shares held
At 1 January	9,104	305,306	1,712	73,726
Purchase during the year	16,169	533,886	24,242	813,000
Shares vested during the year	(20,399)	(661,132)	(16,850)	(581,420)
At 31 December	4,874	178,060	9,104	305,306

The remaining vesting periods of the Award Shares outstanding as at 31 December 2014 are between 0.5 year to 4.5 years (2013: 0.5 year to 4.5 years).

20 OTHER RESERVES

(a) Group

	Share premium HK$'000	Share-based payment reserve HK$'000	Shares held under Share Award Scheme HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2013	17,866	14,136	(1,712)	7,468,928	7,499,218
Share-based payment	—	9,131	—	—	9,131
Purchase of shares under Share Award Scheme	—	—	(24,242)	—	(24,242)
Shares vested under Share Award Scheme	—	(16,850)	16,850	—	—
Transfer to share-based payment reserve	—	9,880	—	(9,880)	—
Profit for the year	—	—	—	747,640	747,640
Final and special dividend relating to 2012	—	—	—	(704,152)	(704,152)
Interim dividend relating to 2013	—	—	—	(46,943)	(46,943)
Dividend for shares held by Share Award Trust	—	—	—	1,098	1,098
At 31 December 2013	17,866	16,297	(9,104)	7,456,691	7,481,750
At 1 January 2014	**17,866**	**16,297**	**(9,104)**	**7,456,691**	**7,481,750**
Share-based payment	**—**	**11,178**	**—**	**—**	**11,178**
Purchase of shares under Share Award Scheme	**—**	**—**	**(16,169)**	**—**	**(16,169)**
Shares vested under Share Award Scheme	**—**	**(20,399)**	**20,399**	**—**	**—**
Transfer to share-based payment reserve	**—**	**10,930**	**—**	**(10,930)**	**—**
Profit for the year	**—**	**—**	**—**	**559,139**	**559,139**
Final and special dividend relating to 2013	**—**	**—**	**—**	**(899,750)**	**(899,750)**
Interim dividend relating to 2014	**—**	**—**	**—**	**(70,415)**	**(70,415)**
Dividend for shares held by Share Award Trust	**—**	**—**	**—**	**1,388**	**1,388**
At 31 December 2014	**17,866**	**18,006**	**(4,874)**	**7,036,123**	**7,067,121**

20 OTHER RESERVES (CONTINUED)

(b) Company

	Share premium HK$'000	Share-based payment reserve HK$'000	Contributed surplus HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2013	17,866	14,136	390,055	16,719	438,776
Share-based payment	—	9,131	—	—	9,131
Shares vested under Share Award Scheme	—	(16,850)	—	—	(16,850)
Final and special dividends relating to 2012	—	—	—	(704,152)	(704,152)
Interim dividend relating to 2013	—	—	—	(46,943)	(46,943)
Transfer-in	—	9,880	—	—	9,880
Profit for the year	—	—	—	753,668	753,668
At 31 December 2013	17,866	16,297	390,055	19,292	443,510
At 1 January 2014	**17,866**	**16,297**	**390,055**	**19,292**	**443,510**
Share-based payment	**—**	**11,178**	**—**	**—**	**11,178**
Shares vested under Share Award Scheme	**—**	**(20,399)**	**—**	**—**	**(20,399)**
Final and special dividends relating to 2013	**—**	**—**	**—**	**(899,750)**	**(899,750)**
Interim dividend relating to 2014	**—**	**—**	**—**	**(70,415)**	**(70,415)**
Transfer-in	**—**	**10,930**	**—**	**—**	**10,930**
Profit for the year	**—**	**—**	**—**	**970,641**	**970,641**
At 31 December 2014	**17,866**	**18,006**	**390,055**	**19,768**	**445,695**

The contributed surplus represents the difference between the consolidated shareholders' funds of the subsidiaries at the date at which they were acquired by the Company and the nominal amount of the Company's shares issued for the acquisition at the time of the Group reorganisation prior to the listing of the Company's shares in 1996.

20 OTHER RESERVES (CONTINUED)

(b) Company (continued)

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if:

(a) It is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital.

In the opinion of the Directors, as at 31 December 2014, the Company's reserves available for distribution consisted of the share-based payment reserve of HK$18,006,000 (2013: HK$16,297,000), contributed surplus of HK$390,055,000 (2013: HK$390,055,000) and retained earnings of HK$19,768,000 (2013: HK$19,292,000).

21 BANK BORROWINGS — GROUP

	2014	2013
	HK$'000	HK$'000
Current	**254,039**	—
Non-current	**1,929,333**	—
	2,183,372	—

The Group utilised bank loan facilities of approximately HK$2,257,192,000 (2013: Nil) during the year ended 31 December 2014. The carrying amount of the bank borrowings was approximately HK$2,183,372,000, after netting off transaction costs of approximately HK$73,820,000.

Bank borrowings are denominated in United States Dollars and are secured by a charge on insurance claim proceeds relating to AsiaSat 6 and AsiaSat 8 satellites. They are repayable semi-annually commencing from February 2015 with the final repayment in April 2023 and carry coupons of 2.65% per annum (2013: Nil). The effective interest rate on the Group's bank borrowings was 3.51% (2013: Nil).

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 2.62% (2013: Nil) and are within level 2 of the fair value hierarchy.

21 BANK BORROWINGS — GROUP (CONTINUED)

At 31 December 2014, the Group's bank borrowings were repayable as follows:

	2014 HK$'000	2013 HK$'000
Within 1 year	254,039	—
Between 1 and 2 years	250,999	—
Between 2 and 5 years	764,116	—
Over 5 years	914,218	—
	2,183,372	—

The interest expense on bank borrowings for the year ended 31 December 2014 was HK$49,667,000 (2013: Nil), and HK$46,555,000 (2013: Nil) of the interest was capitalised as the costs of property, plant and equipment during the year.

As at 31 December 2014, the Group had available unutilised fixed rate bank loan facilities of approximately HK$437,898,000 (2013: approximately HK$2,695,090,000). The Group had subsequently drawn down the bank facilities of approximately HK$195,894,000 on 9 February 2015. The remaining unutilised bank loan facilities were cancelled on 13 February 2015.

The carrying amounts and fair value of the bank borrowings are as follows:

	Carrying amount		Fair Value	
	2014 HK$'000	2013 HK$'000	2014 HK$'000	2013 HK$'000
Current	254,039	—	254,564	—
Non-current	1,929,333	—	1,932,427	—
	2,183,372	—	2,186,991	—

22 DEFERRED REVENUE — GROUP

	2014 HK$'000	2013 HK$'000
The maturity of deferred revenue is as follows:		
Within one year	**193,399**	199,166
More than one year	**93,914**	54,377
	287,313	253,543

23 DEFERRED INCOME TAX LIABILITIES — GROUP

The gross movement on the deferred income tax liabilities is as follows:

	2014 HK$'000	2013 HK$'000
At 1 January	**389,307**	352,919
Recognised in the consolidated statement of comprehensive income (Note 10)	**7,728**	36,388
At 31 December	**397,035**	389,307

The movement in deferred tax liabilities/(assets) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation HK$'000	**Share-based payment reserve** HK$'000	**Total** HK$'000
At 1 January 2013	354,085	(1,166)	352,919
Recognised in the consolidated statement of comprehensive income	36,567	(179)	36,388
At 31 December 2013	**390,652**	**(1,345)**	**389,307**
Recognised in the consolidated statement of comprehensive income	**7,868**	**(140)**	**7,728**
At 31 December 2014	**398,520**	**(1,485)**	**397,035**

23 DEFERRED INCOME TAX LIABILITIES — GROUP (CONTINUED)

Deferred income tax assets are recognised for tax credits carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has no significant unrecognised deferred income tax assets (2013: HK$Nil).

24 CASH GENERATED FROM THE OPERATIONS

The reconciliation of profit for the year to cash generated from operations is as follows:

	2014 HK$'000	2013 HK$'000
Profit for the year before income tax	**723,220**	897,747
Adjustments for:		
— Write back for impairment of trade receivables, net	**(3,266)**	(10,879)
— Provision for impairment of other receivables	**4,403**	—
— Bad debts written off	**1,182**	—
— Share-based payment (Note 8)	**11,178**	9,131
— Amortisation of prepaid operating lease payments (Note 14)	**583**	583
— Depreciation (Note 15)	**466,818**	437,024
— Net gain on disposals of property, plant and equipment (see below)	**(325)**	(428)
— Interest income (Note 6)	**(39,879)**	(24,188)
— Finance income on lease arrangement (Note 6)	**(48,436)**	—
— Finance expenses	**3,112**	—
— Reversal of provision of asset retirement obligations	**—**	(1,950)
— Unrealised exchange loss/(gain)	**415**	(30,441)
Changes in working capital:		
— Unbilled receivables	**(4,663)**	41,105
— Trade and other receivables	**(58,456)**	(3,001)
— Other payables and accrued expenses	**33,534**	(5,347)
— Deferred revenue	**33,770**	(35,636)
Cash flows from the operations	**1,123,190**	1,273,720

24 CASH GENERATED FROM THE OPERATIONS (CONTINUED)

In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2014 HK$'000	2013 HK$'000
Net book amount of disposals (Note 15)	—	337
Net gain on disposals (Note 6)	325	428
Proceeds from disposals of property, plant and equipment	325	765

25 FINANCIAL INSTRUMENTS BY CATEGORY

Group

	Loans and receivables	
	2014 HK$'000	2013 HK$'000
Assets as per consolidated statement of financial position		
Trade and other receivables excluding prepayments	446,297	391,924
Cash and bank balances (Note 18)	3,345,672	1,501,110
Deposit — non-current	2,616	2,616
Total	3,794,585	1,895,650

	Financial liabilities at amortised cost	
	2014 HK$'000	2013 HK$'000
Liabilities as per consolidated statement of financial position		
Bank borrowings	2,183,372	—
Construction payables	101,693	12,882
Other payables and accrued expenses — current	109,932	65,331
Total	2,394,997	78,213

25 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

Company

	Loans and receivables	
	2014	2013
	HK$'000	HK$'000
Assets as per statement of financial position		
Amount due from a subsidiary	**32,201**	30,392

	Financial liabilities at amortised cost	
	2014	2013
	HK$'000	HK$'000
Liabilities as per statement of financial position		
Other payables and accrued expenses	**4,911**	3,670

26 CONTINGENCIES

Save as disclosed in note 10 to the consolidated financial statements, there have been no significant contingencies to the consolidated financial statements.

27 COMMITMENTS — GROUP

Capital commitments

Capital expenditure of property, plant and equipment authorised by the board of directors which has not been contracted for as of 31 December 2014 amounted to nil (2013: nil).

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

	2014 HK$'000	2013 HK$'000
AsiaSat 6		
Contracted but not provided for	—	272,969
AsiaSat 8		
Contracted but not provided for	—	293,062
AsiaSat 9		
Contracted but not provided for	1,279,106	1,588,587
Other assets		
Contracted but not provided for	889	3,168
	1,279,995	2,157,786

Operating lease commitments — Group company as lessee

The Group leases certain of its office 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 consolidated statement of comprehensive income during the year is disclosed in Note 7.

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

	2014 HK$'000	2013 HK$'000
No later than 1 year	7,979	8,696
Later than 1 year and no later than 5 years	11,508	19,488
	19,487	28,184

27 COMMITMENTS — GROUP (CONTINUED)

Operating lease commitments — Group company as lessor

The Group leases its premises to certain customers under non-cancellable operating leases. The lease terms are between 2 to 6 years. The lease income recognised under 'other revenues' in the consolidated statement of comprehensive income during the year was HK$23,574,000 (2013: HK$21,244,000).

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

	2014	2013
	HK$'000	HK$'000
No later than 1 year	**4,229**	13,140
Later than 1 year and no later than 5 years	**3,901**	5,257
	8,130	18,397

28 RELATED PARTY TRANSACTIONS

At 31 December 2014, the Company was directly controlled by Bowenvale Limited (incorporated in the British Virgin Islands) with total shareholdings of approximately 74%, and was indirectly owned by CITIC Group Corporation ("CITIC") (incorporated in China) and General Electric Company ("GE") (incorporated in the United States), which have equal voting rights in the Company. The remaining 26% 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 and run by CITIC Networks), under which CITIC Networks and CITICSat granted the exclusive right to the Group to provide satellite transponder capacity for use by their customers. These transactions are carried out at a rate mutually-agreed between the parties involved in the transactions. The terms of these transactions are no more favourable than those dealt with third parties.

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Income from provision of satellite transponder capacity (Continued)

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

	2014 HK$'000	2013 HK$'000
CITICSat	**261,071**	268,778

(b) Marketing expense

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 expense payable to CITICSat. These transactions are carried out at a rate mutually-agreed between the parties involved in the transactions. The terms of these transactions are no more favourable than those dealt with third parties.

	2014 HK$'000	2013 HK$'000
CITICSat	**9,781**	10,814

(c) Key management compensation

	2014 HK$'000	2013 HK$'000
Salaries and other short-term employee benefits	**35,623**	40,384
Share-based payment	**6,536**	5,507
	42,159	45,891

28 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation (Continued)

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

	2014	2013
	HK$'000	HK$'000
A subsidiary of CITIC	**469**	462
A subsidiary of GE	**417**	458
	886	920

(d) Year end balances arising from these transactions

	2014	2013
	HK$'000	HK$'000
Trade receivables from related parties (Note 17):		
CITICSat (Note)	**204,944**	170,337
Payables to related parties:		
CITICSat	**3,221**	2,347
Deferred revenue in relation to related parties:		
CITICSat	**151,485**	126,442

The receivables from and payables to related parties will be settled on a quarterly basis. 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.

Note: Pursuant to the transponder master agreement as mentioned in Note (a) above in respect of the Group's provision of satellite transponder capacity for use by CITICSat's customers, the Group will bear any credit risk in connection with services provided to these customers. Accordingly, the Group will assess whether there is any objective evidence that the amounts ultimately due from these customers may be impaired at each year end. At 31 December 2014, a provision for impairment of HK$4,000 (2013: HK$2,416,000) was recorded and included within the provision as disclosed in Note 17.

Financial Summary

	2010 HK$'000	2011 HK$'000	2012 HK$'000	2013 HK$'000	**2014** **HK$'000**
Results					
Revenue					
From continuing operations	1,456,222	1,579,646	1,779,545	1,498,631	**1,364,958**
From discontinued operations	—	240,007	182,593	—	**—**
Elimination on consolidation	—	(101,402)	(77,234)	—	**—**
Consolidated Total	1,456,222	1,718,251	1,884,904	1,498,631	**1,364,958**
Profit before taxation	775,379	932,424	1,345,603	897,747	**723,220**
Taxation	(80,910)	(109,856)	(431,231)	(150,227)	**(164,200)**
Profit after taxation	694,469	822,568	914,372	747,520	**559,020**
Loss attributable to non-controlling interests	121	117	119	120	**119**
Profits attributable to owners of the Company	694,590	822,685	914,491	747,640	**559,139**
Earnings per share:					
Basic	HK$1.78	HK$2.11	HK$2.34	HK$1.91	**HK$1.43**
Diluted	HK$1.78	HK$2.10	HK$2.33	HK$1.91	**HK$1.43**
Assets and liabilities					
Total assets	7,065,310	7,560,623	8,662,812	8,536,733	**10,545,925**
Total liabilities	(1,020,797)	(883,757)	(1,123,453)	(1,014,962)	**(3,438,902)**
Shareholders' equity	6,044,513	6,676,866	7,539,359	7,521,771	**7,107,023**

pwc 羅兵咸永道

To the Shareholders of
ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Asia Satellite Telecommunications Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 51 to 111, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

AUDITOR'S RESPONSIBILITY (CONTINUED)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2015

Shareholder Information

EXPECTED TIMETABLE

Financial Year Ended 31 December 2014

Annual General Meeting	24 June 2015
Final Dividend Payable	10 July 2015

Financial Year Ending 31 December 2015

Interim Results announcement	August 2015
Interim dividend payable	November 2015
Annual Results announcement	March 2016
Annual Report published	April 2016
Annual General Meeting	June 2016
Final dividend payable	July 2016

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
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
Wanchai
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.

Shareholder Information

LISTING

The shares of the Company are listed on the Stock Exchange.

DIVIDEND

Subject to approval by shareholders at the forthcoming AGM, the proposed final dividend for the year ended 31 December 2014 will be payable on or about 10 July 2015.

ORDINARY SHARES

Shares outstanding as at 31 December 2014:
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

ANNUAL REPORT 2014

Copies of annual report can be obtained by writing to:
Manager, Corporate Affairs
Asia Satellite Telecommunications Holdings Limited
12/F., Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

WEBSITE

http://www.asiasat.com
Annual/Interim reports are available on line.

COMPANY CONTACT

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

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AsiaSat

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