

ASIASAT

Reaching Further,
Bringing You Closer



2015 INTERIM REPORT

Asia Satellite Telecommunications Holdings Limited
Stock Code: 1135

ABOUT AsiaSat

ASIASAT

Asia Satellite Telecommunications Holdings Limited (the “Company”) indirectly owns Asia Satellite Telecommunications Company Limited (“AsiaSat”) and other subsidiaries (collectively the “Group”) and is listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (Stock Code 1135).

AsiaSat is Asia’s premier provider of high quality satellite services to the broadcasting and telecommunications markets. The Group owns and operates 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 solutions provider in Asia and the instinctive and desired partner of choice.

www.asiasat.com

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Corporate Information

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Gregory M. ZELUCK *(appointed on 19 May 2015)*
Sherwood P. DODGE *(resigned on 19 May 2015)*

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

JU Wei Min

EXECUTIVE DIRECTOR

William WADE *(President and Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

LUO Ning
Peter JACKSON
Julius M. GENACHOWSKI *(appointed on 19 May 2015)*
Alex S. YING *(appointed on 19 May 2015)*
John F. CONNELLY *(resigned on 19 May 2015)*
Nancy KU *(resigned on 19 May 2015)*

ALTERNATE DIRECTOR

CHONG Chi Yeung *(alternate director 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)*
Alex S. YING *(Non-voting) (appointed on 19 May 2015)*
Nancy KU *(Non-voting) (resigned on 19 May 2015)*

COMPLIANCE COMMITTEE

James WATKINS *(Chairman)*
Julius M. GENACHOWSKI *(appointed on 19 May 2015)*
Peter JACKSON
William WADE
Stephen LEE Hoi Yin
Kenneth McKELVIE
Sherwood P. DODGE *(resigned on 19 May 2015)*

NOMINATION COMMITTEE

Maura WONG Hung Hung *(Chairman)*
JU Wei Min
Alex S. YING *(appointed on 19 May 2015)*
Stephen LEE Hoi Yin
James WATKINS
Sherwood P. DODGE *(resigned on 19 May 2015)*

REMUNERATION COMMITTEE

Stephen LEE Hoi Yin *(Chairman)*
Peter JACKSON
Gregory M. ZELUCK *(appointed on 19 May 2015)*
Kenneth McKELVIE
Maura WONG Hung Hung
John F. CONNELLY *(resigned on 19 May 2015)*

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

12th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

Chairman's Statement

The first six months of 2015 were a period of significant evolution in the structure and organisation of AsiaSat, as we prepared ourselves for our future growth and development. While operating in a very challenging market environment, the Company has undergone a number of important changes. In the first half of the year, we welcomed a new substantial shareholder, refreshed our brand, took action to reshape our capital structure and restructured parts of our organisation. Nevertheless, despite these changes, we have retained the core strengths that have made us what we are today: Asia's premier satellite operator.

INTERIM RESULTS

Turnover

For the first half of 2015, turnover was HK\$641 million (2014: HK\$694 million), representing a decrease of 8% as compared with the same period last year.

The Company's core operations continued to see pressure across various markets, with business performance negatively affected by the early termination or non-renewal of contracts by some customers due to the challenging economic conditions in their markets. However, the primary factor for the turnover decrease was the lower short-term revenue generated in the current period, compared with that of the corresponding period last year.

Contracts on Hand

As at 30 June 2015, the value of contracts on hand remains relatively stable at HK\$3,645 million (31 December 2014: HK\$3,514 million).

Operating Expenses

Operating expenses were closely controlled in the first half of 2015. Excluding depreciation, they totalled HK\$126 million (2014: HK\$127 million), approximately the same as compared to the corresponding period of last year.

Finance Expenses

Finance expenses on the Ex-Im bank loan amounted to HK\$39 million (2014: HK\$18 million), of which HK\$26 million (2014: HK\$15 million) was capitalised as part of the cost of AsiaSat 6 and AsiaSat 8. We also secured a US\$240 million loan on normal commercial terms mainly to pay a special interim dividend to shareholders on 30 July 2015, of which US\$225 million of the loan was drawn down in July 2015.

Depreciation

Depreciation in the first half of 2015 was HK\$220 million (2014: HK\$234 million), representing a decrease of HK\$14 million, as AsiaSat 3S was fully depreciated in April 2015, so that we incurred only four months' depreciation charge compared with the full six months' charge in the prior period. Pending completion of the licensing requirements for the commencement of their operation, depreciation of AsiaSat 6 and 8 had not commenced in the first half of 2015.

Chairman's Statement

Profit

Profit attributable to equity holders for the first half of 2015 was HK\$250 million (2014: HK\$283 million). The decline, which was mainly the result of lower revenue, partially mitigated by the lower depreciation charge.

Cash Flow

For the first six months of 2015, the Group generated a net cash outflow of HK\$10 million (2014: cash inflow of HK\$1,905 million), including a final drawdown from the Ex-Im bank loan secured last year of HK\$189 million (2014: HK\$1,780 million), capital expenditure of HK\$441 million (2014: HK\$423 million) and an Ex-Im loan repayment of HK\$144 million (2014: Nil). As of 30 June 2015, the Group had cash and bank balances of HK\$3,336 million (31 December 2014: HK\$3,346 million).

Dividend

The Board has declared an interim dividend of HK\$0.18 per share (2014: HK\$0.18 per share). The interim dividend will become payable on or about 4 November 2015 to equity holders on the share register as at 9 October 2015. The share register will be closed from 2 to 9 October 2015 (both days inclusive).

As a result of the share purchase agreement completed on 12 May 2015, the Board resolved on 24 June 2015 to declare a special dividend of HK\$11.89 per share. The dividend was paid by way of cash on 30 July 2015 to registered shareholders at the close of business on Thursday, 23 July 2015.

CORPORATE DEVELOPMENT

Share purchase agreement

The share purchase agreement announced in our 2014 annual report proceeded as planned, with an affiliate entity of The Carlyle Group L.P. ("Carlyle") acquiring all the shares in the Company formerly held indirectly by General Electric Company ("GE"), one of our former indirect controlling shareholders. (Details are set out in our Statutory Announcement of 12 May 2015). Notwithstanding the change in shareholding, AsiaSat continues to function as a publicly listed company on the Stock Exchange.

Board and Senior Management

Following the transfer of shares, I replaced Mr. Sherwood P. Dodge as Chairman of the Board of AsiaSat. Mr. Julius M. Genachowski also joined the Board as a non-executive Director and a member of the Compliance Committee and Mr. Alex S. Ying joined as a non-executive Director, a member of the Nomination Committee and a non-voting member of the Audit Committee.

To reflect the changing market dynamics and to refocus the Company's efforts on key Asian and global markets, management restructured the sales and marketing team. A Global Accounts team was formed to handle key global strategic accounts and the sales and business development teams were combined to drive business activities in the Asian markets.

Chairman's Statement

Rebranding of AsiaSat

In 2014, the Company began a rebranding exercise to address the new market conditions. This initiative included launch of a new logo, a new tagline and a revamped website in March 2015.

So far, we have received very positive feedback from our customers, industry peers and business partners as well as our own staff. The refreshed brand has created a more vibrant and up-to-date image coupled with new initiatives for changing our philosophy and internal culture to improve our way of serving our customers.

The rebranding exercise is continuing and the momentum for change will, we believe continue to improve our services to clients.

SATELLITES

Our fleet of six in-orbit satellites continued to provide reliable service to our customers across the Asia Pacific throughout the first six months of 2015.

AsiaSat 3S, which has been replaced by AsiaSat 7 at 105.5 degrees East, was redeployed during the review period to generate short-term revenue. It is currently at a new slot for the provision of service to a new partner later this year.

AsiaSat 4, located at 122 degrees East, continued to provide our customers with broadband and data services across the Asia Pacific region. AsiaSat 4 hosts a wide array of customers offering private networks, cellular backhaul, and maritime services.

Located at 100.5 degrees East, AsiaSat 5 continued to serve as Asia's prime distribution platform for major sporting and news events during the review period. These events included the Southeast Asia Games in Singapore, the Australian Open Tennis tournament and ICC Cricket World Cup 2015. It also carried major news coverage of the earthquake in Nepal and world summits such as the Asian African Conference in Jakarta and Bandung Indonesia.

AsiaSat 7, which replaced AsiaSat 3S in April 2014 at 105.5 degrees East, continued to take the lead in delivering premier content from South Asia, East Asia and global TV networks.

With 28 new C-band transponders, AsiaSat 6 is at a new orbital location of 120 degrees East. Fifty percent of the capacity was taken by Thaicom Public Company Limited (Thaicom) of Thailand under an agreement concluded in December 2011. The remaining 14 transponders are being reserved for the requirements of the China market.

SATELLITES (CONTINUED)

AsiaSat 8, with 24 Ku-band transponders at 105.5 degrees East, is collocated with AsiaSat 7, where it is designed to provide high-powered capacity for a wide range of services in China, India, the Middle East and Southeast Asia.

During the review period, negotiations were still underway to provide new high-value applications in key Asian markets on both AsiaSat 6 and 8, pending licensing approvals. We will announce further developments with regard to these satellites in due course.

Construction of AsiaSat 9, which will ultimately replace AsiaSat 4 and add additional capacity, remains on track for completion in the fourth quarter of 2016.

The overall utilisation rate for the period ended 30 June 2015 was 72% as compared with 75% as of 31 December 2014.

NEW CUSTOMERS AND RENEWALS

In the first half of 2015, we secured renewals and new customers for television and radio programme distribution and VSAT network services across the Asia-Pacific region. Among these were agreements with: BT to deliver BBC World Service Asia feed of 33 radio channels in 21 languages; TV5MONDE Style HD, a new lifestyle channel; Global Broadcasting Corporation for distributing Peace TV's HD and SD services in Asia; ANTRIX Corporation Limited; Star India Private Limited; ZEE TV; Sahara TV; B4U; and Sun Television Cybernetworks Enterprise Limited.

MARKET REVIEW

The Market

In an economic environment of continuing uncertainty, the market for satellite services remained highly competitive. During the review period, excess capacity and flattening demand in certain markets put downward pressure on pricing that will likely persist into the near future until that capacity is absorbed.

Despite the challenges of this market environment, we are able to leverage on our reputation as a provider of premium services and particularly for the value we can add to our customers' businesses. To drive growth, we are focusing on customers who are key market drivers and exploring partnership opportunities to bring these customers sophisticated new technologies such as Ultra High Definition Television (UHDTV).

We are also exploring opportunities for expansion through organic growth and acquisitions wherever it is appropriate to do so.

Chairman's Statement

Advancing technology

During the review period, we continued to focus on the development of new technologies.

Although much of Asia is still in the process of converting from the Standard Definition (SD) to High Definition (HD) broadcasting standard, we are beginning to see interest in UHD which has four times the resolution of HD. While we are unlikely to see any near term impact from UHD, in order to stay abreast of this developing technology, we recently announced the opening of a UHD Research Laboratory at our Tai Po Earth Station in Hong Kong. This initiative is designed to evaluate and incubate UHD solutions with the aim of showcasing UHDTV content from various partners using a C-band transponder on AsiaSat 4.

Additionally, mobile and Wi-Fi services available on board aircraft are now becoming increasingly common in Europe and the U.S. These are two examples of new technologies and applications we are currently working on to expand within our markets.

Industry Events

To increase our presence in the industry, during the review period we continued to participate in industry events in order to demonstrate and share our expertise in satellite broadcasting and communications.

Highlights included our participation at CommunicAsia, one of Asia's leading ICT exhibitions; and the CASBAA Satellite Industry Forum.

We also organised in-country activities, such as seminars and workshops, in order to understand our customers and their needs better. These included broadcasting and satellite technology workshops in Myanmar for the telecom and TV sectors as well as a workshop for the Bangladesh TV sector.

OUTLOOK

The first six months of 2015 were challenging for AsiaSat and the satellite sector as a whole. The Company does not expect significant positive change in the market environment in the second half. Due to delays in licensing approvals, it is taking longer than expected to lease out the transponder capacity of AsiaSat 6 and AsiaSat 8 while the depreciation of both satellites will commence in the second half of the year. A modest percentage of the Company revenues are denominated in RMB. Should the recent volatility of the RMB continue, it will have a negative impact on the second half performance. In addition, the added interest expenses arising from the AsiaSat 6 and 8 Ex-Im loans and the bank loan raised for the special interim dividend payment will impinge on the earnings of the Company in the second half of the year.

OUTLOOK (CONTINUED)

Despite these challenges, we are optimistic about our prospects for the future, as we operate in one of the world's growth markets. We remain vigilant in developing effective business strategies in a rapidly evolving market, where AsiaSat, with its new capacity on line continues to be well-positioned to capture the region's various growth opportunities. Our reputation as a trusted provider of premium satellite services is firmly established in the region. With the support of a new major shareholder, the Company continues to focus on incorporating new technologies and applications while offering comprehensive solutions to our valued clients. Operating under a vibrant new brand that is more attuned to developing trends, the Company is committed to maintaining and growing AsiaSat's strong position in the region while delivering improved returns to our shareholders.

ACKNOWLEDGEMENTS

I would like to take this opportunity as the new Chairman of AsiaSat to thank my predecessor, Mr. Sherwood P. Dodge, for his exemplary service to the Company, as well as past Board members Mr. John F. Connelly and Ms. Nancy Ku for their valuable contributions. In addition, I would like to welcome Mr. Julius M. Genachowski and Mr. Alex S. Ying as new members of the AsiaSat Board.

Finally, I would like to extend my appreciation to our customers for entrusting their business to us, to our management team and staff for their commitment and hard work and to our shareholders for their continuing confidence in our company.

I look forward to serving the company as the new Chairman and working with the staff of AsiaSat to take the company to the next stage of its development.

Gregory M. Zeluck

Chairman

27 August 2015

Corporate Governance

STATEMENT

In the interest of its equity holders, the Company is committed to high standards of corporate governance and is devoted to identifying and formalising best practices. The Company is in compliance with the requirements of local and relevant overseas regulators in this regard except in respect of Code Provision A.6.7, as described below.

CODE ON CORPORATE GOVERNANCE PRACTICES

All independent non-executive directors (“INEDs”) and non-executive directors (“NEDs”) are appointed for a specific term of three years each or, in the case of initial appointment, for the period up to the next re-election at the Company’s annual general meeting. They are all subject to retirement, rotation and re-election at the Company’s annual general meeting in accordance with the Company’s Bye-laws.

The Company is committed to maintaining high standards of corporate governance practices and procedures. The corporate governance principles of the Company emphasise a quality Board, sound internal controls and transparency and accountability to all shareholders. The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code and Corporate Governance Report (“CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) throughout the six months ended 30 June 2015 except for the following:

Under Code Provision A.6.7 of the CG Code, all NEDs and INEDs should attend general meetings of the Company and develop a balanced understanding of the views of shareholders. Mr. LUO Ning, being a NED of the Company, was unable to attend the annual general meeting of the Company held on 24 June 2015 (“2015 AGM”) due to other business and personal commitments. Mr. CHONG Chi Yeung, alternate director to Mr. Luo, attended the 2015 AGM in the 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 to the Listing Rules. Following specific enquiry by the Company, all Directors have confirmed that they fully complied with the Model Code throughout the period from 1 January 2015 to 30 June 2015.

AUDIT COMMITTEE

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

The Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 in conjunction with management and the external auditors of the Company. The Committee recommended to the Board that it should approve the unaudited condensed consolidated interim financial information for the six months ended 30 June 2015.

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

During the six months ended 30 June 2015, the Trust, which was set up to administer the Company's Share Award Scheme, has purchased a total of 340,000 ordinary shares of HK\$0.10 each of the Company at an average price of HK\$28 per share on the Stock Exchange. The purchase involved a total cash outlay of HK\$9,542,000. 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 or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

GUIDELINES ON CONDUCT

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

Other Information

DIRECTORS' INTERESTS

As at 30 June 2015, as recorded in the register required to be maintained under Section 352 of the Securities and Futures Ordinance ("SFO") (Cap. 571), the following Directors have the following interests in the share capital of the Company:

		Number of shares/underlying shares held							% of the Issued Share Capital of the Company
	Long or short position	Personal interests	Family interests	Corporate interests	Trusts and similar interests	Persons acting in concert	Other interests	Total	
Directors									
Peter JACKSON	Long position	800,264	—	—	—	—	—	800,264	0.20
William WADE	Long position	601,829	—	—	—	—	—	601,826	0.15
James WATKINS	Long position	50,000	—	—	—	—	—	50,000	0.01

Other Information

SUBSTANTIAL EQUITY HOLDERS

As at 30 June 2015, according to the register required to be kept under Section 336 of the SFO and information otherwise reported to the Company, the following persons held an interest of 5% or more in the shares in the Company:

Name	Capacity	Long or short position	No. of ordinary shares in the Company	% of the Issued Share Capital of the Company
Bowenvale Limited	Beneficial owner	Long position	291,174,695 ^{(1) & (2)}	74.43
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695 ⁽¹⁾	74.43
CITIC Limited	Interest in controlled corporation	Long position	291,174,695 ⁽¹⁾	74.43
CITIC Corporation Limited	Interest in controlled corporation	Long position	291,174,695 ⁽¹⁾	74.43
CITIC Group Corporation	Interest in controlled corporation	Long position	291,174,695 ⁽¹⁾	74.43
Jupiter Investment Holdings, L.L.C.	Interest in controlled corporation	Long position	291,174,695 ⁽²⁾	74.43
The Carlyle Group L.P.	Interest in controlled corporation	Long position	291,174,695 ⁽²⁾	74.43
Aberdeen Asset Management plc and its Associates	Investment manager	Long position	23,092,500	5.90

Other Information

SUBSTANTIAL EQUITY HOLDERS (CONTINUED)

Notes:

- (1) Able Star Associates Limited ("Able Star") controls 50% of the voting rights of Bowenvale Limited ("Bowenvale"). Able Star is wholly-owned by CITIC Asia Satellite Holding Company Limited ("CITIC Asia") which in turn is wholly-owned by CITIC Projects Management (HK) Limited ("CITIC Projects"). CITIC Projects is a wholly-owned subsidiary of CITIC Corporation Limited, which in turn a wholly-owned subsidiary of CITIC Limited. CITIC Limited is the subsidiary of CITIC Group Corporation ("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.
- (2) On 23 December 2014, Jupiter Investment Holdings, L.L.C. ("Jupiter"), a subsidiary of The Carlyle Group L.P. ("Carlyle") entered into a Share Purchase Agreement with General Electric Company ("GE") to acquire all of GE's shareholdings in Bowenvale. The share purchase was completed on 12 May 2015 and Jupiter became a shareholder of Bowenvale and has the same voting rights as CITIC in Bowenvale. Accordingly, Jupiter and Carlyle are deemed to be interested in the total of 291,174,695 shares of the Company held by Bowenvale.

ARRANGEMENT TO ACQUIRE SHARES OR DEBENTURES

Except for the Company's Restricted Shares Scheme described in the annual report, at no time during the period was the Company, or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

UPDATE ON DIRECTORS' INFORMATION

The following are changes in the information of the directors since the date of the 2014 annual report of the Company required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

With effect from 9 April 2015:

- Mr. Ju Wei Min ceased to act as a Vice President, Chief Financial Officer and a member of the Executive Committee and Special Committee of CITIC Limited.

With effect from 8 May 2015:

- Mr. Ju Wei Min ceased to act as a NED, and a member of the Strategic Planning Committee, the Audit Committee and the Risk Management Committee of CITIC Securities Company Limited.

With effect from 19 May 2015:

- Mr. Gregory M. Zeluck was appointed as a NED of the Company, Chairman of the Board and a member of the Remuneration Committee;

UPDATE ON DIRECTORS' INFORMATION (CONTINUED)

- Mr. Alex S. Ying was appointed as a NED of the Company, a member of Nomination Committee and a non-voting member of the Audit Committee;
- Mr. Julius M. Genachowski was appointed as a NED of the Company and a member of the Compliance Committee;
- Mr. Sherwood P. Dodge has resigned as a NED, Chairman of the Board, and a member of the Nomination Committee and the Compliance Committee;
- Mr. John F. Connelly has resigned as a NED and as a member of Remuneration Committee; and
- Ms. Nancy Ku has resigned as a NED and as a non-voting member of Audit Committee.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OBLIGATIONS OF THE CONTROLLING SHAREHOLDERS

Save as disclosed below, the Directors are not aware of any circumstances which would be required to disclose herein pursuant to the requirements under Rule 13.21 of the Listing Rules.

On 24 June 2015, the Company, AsiaSat and AsiaSat BVI Limited (a direct wholly-owned subsidiary of the Company) entered into a facility agreement (the "Dividend Facility Agreement") with certain financing banks for a term loan and revolving credit facilities (the "Dividend Facility") in an aggregate amount of US\$240,000,000. The Dividend Facility is for a term of 5 years from the initial drawdown date of the Dividend Facility.

Pursuant to the Dividend Facility Agreement, if, among other things, any person or group of persons acting in concert (other than, in each case, Bowenvale or any existing direct or indirect shareholder of Bowenvale as at the date of the Dividend Facility Agreement) gains direct or indirect control of the Company, then the Dividend Facility shall immediately be cancelled and all the outstanding amounts under the Dividend Facility shall become immediately due and payable.

Details of the Dividend Facility Agreement made pursuant to the requirements of Rule 13.18 of the Listing Rules were disclosed in the announcement of the Company dated 24 June 2015.

As at 30 June 2015, the Company did not draw down any Dividend Facility available under the Dividend Facility Agreement.

Other Information

CLOSURE OF REGISTER OF MEMBERS

The Register of equity holders of the Company will be closed from 2 to 9 October 2015 (both days inclusive). In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong Branch Share Registrars, Computershare Hong Kong Investor Services Limited at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 30 September 2015. The interim dividend will be paid on or about 4 November 2015.

Management Discussion and Analysis

FINANCIAL REVIEW

Turnover

Turnover for the period was HK\$641 million (2014: HK\$694 million), a decrease of HK\$53 million over the same period last year. The turnover decrease was substantially due to the decrease in revenue from non-recurring short-term deals, adjustments for continuing tax disputes and the early termination of contracts with several customers.

Cost of services

Cost of services was HK\$275 million (2014: HK\$286 million), a decrease of HK\$11 million, mainly due to a lower depreciation charge on AsiaSat 3S which was fully depreciated in April 2015.

Other gains

Other gains amounted to HK\$18 million (2014: HK\$22 million). The decrease of HK\$4 million was mainly due to a decrease in bank interest income.

Administrative expenses

Administrative expenses were HK\$71 million (2014: HK\$74 million), a decrease of HK\$3 million. The decrease was mainly due to a reversal of impairment charges on trade receivables of HK\$6 million, compared to an impairment charge of HK\$2 million in the last interim period. Increased exchange losses and staff costs compared to the last interim period absorbed some of those savings.

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. Tax on income subject to Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the period.

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at rates of taxation, that range from 7% to 43.26% (2014: 7% to 43.26%), in the countries in which the profit is earned. Further details are set out in Note 9 of the condensed consolidated interim financial information.

Profit for the period

Profit attributable to owners amounted to HK\$250 million (2014: HK\$283 million), a decrease of HK\$33 million when compared to the previous period. The factors contributing to the decline in profits are described above.

Management Discussion and Analysis

Order book

As at 30 June 2015, the value of contracts on hand amounted to HK\$3,645 million (31 December 2014: HK\$3,514 million), of which approximately HK\$489 million will be recognised in the second half of this year. A large majority of the contracts in the order book are denominated in United States Dollars.

Financial results analysis

The financial results are highlighted below:

		Six months ended 30 June		
		2015	2014	Change
Turnover	HK\$M	641	694	-8%
Profit attributable to owners	HK\$M	250	283	-12%
Dividend	HK\$M	4,722	70	+6,606%
Capital and reserves	HK\$M	2,548	6,899	-63%
Earnings per share	HK cents	64	73	-12%
Dividend per share	HK cents	1,207	18	+6,606%
Return on owners' funds	Percent	10	4	+6%
Net assets per share — book value	HK cents	652	1,764	-63%

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group generated a net cash outflow of HK\$10 million (2014: cash inflow of HK\$1,905 million), including the proceeds from the Ex-Im bank loan of HK\$189 million (2014: HK\$1,780 million), payment of capital expenditure of HK\$441 million (2014: HK\$423 million) and an Ex-Im loan payment of HK\$144 million (2014: Nil). As at 30 June 2015, the Group had cash and bank balances of HK\$3,336 million (31 December 2014: HK\$3,346 million).

Total bank borrowings as at 30 June 2015 were HK\$2,236 million (31 December 2014: HK\$2,183 million), 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. During the period, 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 17 of the condensed consolidated interim financial information. All bank borrowings are denominated in United States Dollars. As the cash and bank balances exceed the bank borrowings, the Group had net cash and bank balances of HK\$1,100 million as at 30 June 2015.

Management Discussion and Analysis

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

SEGMENT INFORMATION

The turnover of the Group, analysed by business segment, is disclosed in Note 6 of the condensed consolidated interim financial information.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2015, the Group had 134 (31 December 2014: 133) permanent employees.

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

The Group has established a performance-based appraisal system. The present remuneration package consists of salaries, discretionary bonuses, share award scheme 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 training programme. However, the Group does provide ad hoc training 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

Save as disclosed in Note 17 of the condensed consolidated interim financial information, there was no charge over the Group's assets.

Management Discussion and Analysis

CAPITAL COMMITMENTS

Details of the capital commitments of the Group are set out in Note 18 of the condensed consolidated interim financial information.

As at 30 June 2015, the Group had total capital commitments of HK\$833 million (31 December 2014: HK\$1,280 million), of which all were contracted but not provided for.

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 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 was relatively stable during the period ended 30 June 2015. The Group continues to monitor currency movements and we will take appropriate action if it is commercially viable for the Group to hedge against foreign currencies. 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.

Management Discussion and Analysis

GEARING RATIO

The Group's gearing ratio is calculated by dividing the net debt by the net total capital. The net debt is the total interest bearing bank borrowings less total cash and bank balances. The total capital is the consolidated shareholders' equity plus the total net debt. As at 30 June 2015, the Group's gearing ratio was as follows:

	30 June 2015 HK\$' million	31 December 2014 HK\$' million
Total bank borrowings	2,236	2,183
Less : Cash and bank balances	(3,336)	(3,346)
Net Cash	(1,100)	(1,163)

As the Group has a net cash balance, the gearing ratio is not applicable to the Group as at 30 June 2015 and 31 December 2014.

CONTINGENT LIABILITIES

Particulars of the Group's contingent liabilities are set out in Note 20 of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

		Unaudited	
		Six months ended 30 June	
	Note	2015	2014
		HK\$'000	HK\$'000
Revenue	6	641,284	693,564
Cost of services		(274,952)	(286,456)
Gross profit		366,332	407,108
Administrative expenses		(71,249)	(74,132)
Other gains — net	7	17,561	21,612
Operating profit	7	312,644	354,588
Finance expenses	8	(13,285)	(2,493)
Profit before income tax		299,359	352,095
Income tax expense	9	(49,753)	(68,740)
Profit and total comprehensive income for the period		249,606	283,355
Profit and total comprehensive income for the period attributable to:			
— Owners of the Company		249,606	283,414
— Non-controlling interests		—	(59)
		249,606	283,355
Earnings per share attributable to owners of the Company		HK\$ per share	HK\$ per share
Basic earnings per share	10	0.64	0.73
Diluted earnings per share	10	0.64	0.72
		HK\$'000	HK\$'000
Dividends	11	4,721,729	70,415

The notes on pages 26 to 46 form an integral part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

		Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
	Note		
ASSETS			
Non-current assets			
Leasehold land and land use rights	12	18,659	18,951
Property, plant and equipment	13	6,929,310	6,710,503
Unbilled receivables		9,146	7,668
Deposit	14	2,616	2,616
Total non-current assets		6,959,731	6,739,738
Current assets			
Trade and other receivables	14	455,484	460,515
Cash and bank balances		3,336,204	3,345,672
Total current assets		3,791,688	3,806,187
Total assets		10,751,419	10,545,925
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	15	39,120	39,120
Reserves			
— Retained earnings		2,481,849	7,036,123
— Other reserves	16	26,920	30,998
		2,547,889	7,106,241
Non-controlling interests		782	782
Total equity		2,548,671	7,107,023

The notes on pages 26 to 46 form an integral part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

		Unaudited 30 June 2015 HK\$'000	Audited 31 December 2014 HK\$'000
	Note		
LIABILITIES			
Non-current liabilities			
Bank borrowings	17	1,959,805	1,929,333
Deferred income tax liabilities		395,760	397,035
Deferred revenue		87,097	93,914
Other amounts received in advance		1,377	1,377
Total non-current liabilities		2,444,039	2,421,659
Current liabilities			
Bank borrowings	17	276,444	254,039
Construction payables		73,376	101,693
Other payables and accrued expenses		116,867	109,932
Deferred revenue		165,331	193,399
Dividend payable		4,803,880	—
Current income tax liabilities		322,811	358,180
Total current liabilities		5,758,709	1,017,243
Total liabilities		8,202,748	3,438,902
Total equity and liabilities		10,751,419	10,545,925
Net (current liabilities)/current assets		(1,967,021)	2,788,944
Total assets less current liabilities		4,992,710	9,528,682

The notes on pages 26 to 46 form an integral part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Changes in Equity

	Unaudited							
	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Award Scheme HK\$'000	Shares held under Share payment reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
Balance at 1 January 2015	39,120	17,866	(4,874)	18,006	7,036,123	7,106,241	782	7,107,023
Total comprehensive income for the period ended 30 June 2015	—	—	—	—	249,606	249,606	—	249,606
Total transactions with owners, recognised directly in equity								
Employees share award scheme:								
— Shares held under Share Award Scheme	—	—	(9,542)	—	—	(9,542)	—	(9,542)
— Share-based payment	—	—	—	5,464	—	5,464	—	5,464
Final dividends relating to 2014	—	—	—	—	(152,566)	(152,566)	—	(152,566)
Special interim dividend	—	—	—	—	(4,651,314)	(4,651,314)	—	(4,651,314)
Total transactions with owners, recognised directly in equity	—	—	(9,542)	5,464	(4,803,880)	(4,807,958)	—	(4,807,958)
Balance at 30 June 2015	39,120	17,866	(14,416)	23,470	2,481,849	2,547,889	782	2,548,671
Balance at 1 January 2014	39,120	17,866	(9,104)	16,297	7,456,691	7,520,870	901	7,521,771
Total comprehensive income for the period ended 30 June 2014	—	—	—	—	283,414	283,414	(59)	283,355
Total transactions with owners, recognised directly in equity								
Employees share award scheme:								
— Shares held under Share Award Scheme	—	—	(11,425)	—	—	(11,425)	—	(11,425)
— Share-based payment	—	—	—	5,632	—	5,632	—	5,632
— Shares vested under Share Award Scheme	—	—	1,983	(1,983)	—	—	—	—
— Transfer to share-based payment reserve	—	—	—	850	(850)	—	—	—
Final and special dividends relating to 2013	—	—	—	—	(899,750)	(899,750)	—	(899,750)
Total transactions with owners, recognised directly in equity	—	—	(9,442)	4,499	(900,600)	(905,543)	—	(905,543)
Balance at 30 June 2014	39,120	17,866	(18,546)	20,796	6,839,505	6,898,741	842	6,899,583

The notes on pages 26 to 46 form an integral part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Cash flows from operating activities:		
— Cash generated from operations	485,187	581,653
— Interest paid	(24,116)	—
— Hong Kong profits tax paid	(56,821)	(123)
— Overseas tax paid	(28,429)	(34,743)
Cash flows from operating activities — net	375,821	546,787
Cash flows from investing activities:		
— Purchases of property, plant and equipment	(441,401)	(422,811)
— Proceeds on disposals of property, plant and equipment	—	186
— Interest received	23,796	16,867
— Decrease/(increase) in short-term bank deposits with maturities over three months	2,178,097	(1,549,249)
Cash flows from/(used in) investing activities — net	1,760,492	(1,955,007)
Cash flows from financing activities:		
— Purchase of shares under Share Award Scheme	(9,542)	(11,425)
— Proceeds from bank borrowings	188,577	1,779,503
— Repayment of bank borrowings	(144,299)	—
Cash flows from financing activities — net	34,736	1,768,078
Net increase in cash and cash equivalents	2,171,049	359,858
Cash and cash equivalents at beginning of the period	1,165,155	564,078
Cash and cash equivalents at end of the period	3,336,204	923,936
Analysis of cash and bank balances at end of the period		
Cash and bank balances with		
— Initial maturity less than three months	3,336,204	923,936
— Initial maturity more than three months	—	2,481,710
	3,336,204	3,405,646

The notes on pages 26 to 46 form an integral part of the condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

Asia Satellite Telecommunications Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are engaged in the provision of satellite 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.

This condensed consolidated interim financial information is presented in thousands of Hong Kong Dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 27 August 2015.

Key events

On 12 May 2015, Carlyle (incorporated in the United States) completed its acquisition of all the interests in Bowenvale held by GE incorporated in the United States), the immediate holding company of the Company, and became one of the major shareholders of the Group.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim financial reporting”. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

As at 30 June 2015, the Group’s current liabilities exceeded its current assets by approximately HK\$1,967,021,000 (31 December 2014: net current assets of HK\$2,788,944,000). The current liabilities mainly consisted of a dividend payable of HK\$4,803,880,000 (31 December 2014: Nil) which was fully paid in July 2015 and funded by the Group’s internal resources and available banking facilities (as detailed in Note 17). The Group’s forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current resources and facilities. Based on these forecasts and projections, the directors have a reasonable expectation that the Group will have adequate resources to continue its operations and to meet its financial obligations as and when they fall due in the next twelve months from the date of this condensed consolidated interim financial information. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

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

There are no amendments to standards or interpretations that are effective for the first time for this interim period that could be expected to have a material impact on this Group.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

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

¹ Effective for the Group for annual periods beginning on or after 1 January 2016

² Effective for the Group for annual periods beginning on or after 1 January 2017

³ 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.

Notes to the Condensed Consolidated Interim Financial Information

4 ESTIMATES

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2014.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk, cash flow interest rate risk, fair value interest rate risk and liquidity risk.

The condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2014.

There have been no changes in any risk management policies since year end.

5.2 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 30 June 2015, the Group had unutilised banking facilities of approximately HK\$1,872,000,000 which are available for a term of 5 years from the initial drawdown date of the facilities. In July 2015, the Group had drawn down part of the facilities of approximately HK\$1,755,000,000 to finance the dividend payments and working capital of the Group.

As at 31 December 2014, the Group had available unutilised banking facilities of approximately HK\$437,898,000. Out of that amount, HK\$195,894,000 was subsequently drawn down and the remaining facilities were expired in February 2015.

Notes to the Condensed Consolidated Interim Financial Information

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 Fair value estimation

During the period ended 30 June 2015, there were no significant changes in the business or economic circumstances that affect the fair value estimation of the Group's financial assets and financial liabilities. In addition, there were no reclassifications of financial assets.

5.4 Fair value of financial liabilities measured at amortised cost

The fair value of bank borrowings are as follows:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Non-current	1,972,180	1,932,427
Current	278,515	254,564
	2,250,695	2,186,991

The carrying value of the Group's other financial assets and financial liabilities approximate their fair values due to their relatively short term nature of those financial instruments.

6 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group's revenue is analysed as follows:

	Six months ended 30 June 2015 HK\$'000	2014 HK\$'000
Income from provision of satellite transponder capacity		
— recurring	614,550	658,610
— non-recurring	—	1,248
Sales of satellite transponder capacity	6,802	15,697
Other revenues	19,932	18,009
	641,284	693,564

6 REVENUE AND SEGMENT INFORMATION (CONTINUED)

(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 the condensed consolidated interim financial information.

Revenue reported in Note 6(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 condensed consolidated statement of comprehensive income.

The Group is domiciled in Hong Kong. Revenue from customers in Hong Kong and the Greater China region for the six months ended 30 June 2015 are HK\$98,242,000 (six months ended 30 June 2014: HK\$107,038,000) and HK\$149,910,000 (six months ended 30 June 2014: HK\$148,664,000) respectively, and the total revenue from customers in other countries is HK\$393,132,000 (six months ended 30 June 2014: HK\$437,862,000). 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.

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 condensed 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.

Notes to the Condensed Consolidated Interim Financial Information

7 OPERATING PROFIT

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest income	17,561	21,426
Net gain on disposals of property, plant and equipment other than transponders	—	186
Other gains — net	17,561	21,612
Salary and other benefits, including directors' remuneration	60,177	59,257
Share-based payment	5,464	5,632
Pension costs — defined contribution plans	4,824	4,543
Total staff costs	70,465	69,432
Auditors' remuneration	773	723
(Write back)/provision for impairment of trade receivables, net	(6,413)	2,395
Depreciation of property, plant and equipment (Note 13)	220,467	233,697
Operating leases		
— Premises	4,542	4,549
— Leasehold land and land use rights (Note 12)	292	292
Net exchange loss	11,797	5,765

8 FINANCE EXPENSES

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Interest expenses incurred on bank borrowings	39,402	17,814
Less: interest capitalised on qualifying assets	(26,117)	(15,321)
Total	13,285	2,493

The interest rate applied in determining the amount of interest capitalised in the six month periods ended 2015 and 2014 was 3.52%.

Notes to the Condensed Consolidated Interim Financial Information

9 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% (six months ended 30 June 2014: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation, that range from 7% to 43.26% (six months ended 30 June 2014: 7% to 43.26%), in the countries in which the profit is earned.

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Current income tax		
— Hong Kong profits tax (Note (a))	24,940	25,643
— Overseas taxation (Note (b))	26,088	42,825
Total current tax	51,028	68,468
Deferred income tax	(1,275)	272
Income tax expense	49,753	68,740

Note:

- (a) During the year ended 31 December 2014, the Group received assessment notices from a tax authority to disallow the deductibility of certain items in respect of previous assessment years and additional tax provision was made accordingly. During the period ended 30 June 2015, the Group has lodged an objection to such assessment notices and has yet to receive a revised notice or response from the tax authority. In view of the latest development of the case, the Group considered that it is appropriate to maintain the additional provision made with respect to the potential disallowed items for tax deduction for prior years and also for the current period. Details were set out in Note 10 to the annual financial statements for the year ended 31 December 2014.
- (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 Company 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 and Note 10 to the annual financial statements for the year ended 31 December 2014.

Notes to the Condensed Consolidated Interim Financial Information

9 INCOME TAX EXPENSES (CONTINUED)

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 approximately HK\$16 million for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately HK\$34 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 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 period.

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit attributable to owners of the Company	249,606	283,414
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	390,804	390,711
Basic earnings per share (HK\$)	0.64	0.73

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

Notes to the Condensed Consolidated Interim Financial Information

10 EARNINGS PER SHARE (CONTINUED)

Diluted

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Profit attributable to owners of the Company	249,606	283,414
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	390,804	390,711
Effect of Awarded Shares (in thousands)	745	587
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	391,549	391,298
Diluted earnings per share (HK\$)	0.64	0.72

11 DIVIDENDS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Special interim dividend of HK\$11.89 per share	4,651,314	—
Interim dividend for the six months ended 30 June 2015 of HK\$0.18 per share (interim dividend for the six months ended 30 June 2014 of HK\$0.18 per share)	70,415	70,415
	4,721,729	70,415

Notes to the Condensed Consolidated Interim Financial Information

11 DIVIDENDS (CONTINUED)

On 24 June 2015, the Board of Directors declared a special interim dividend of HK\$11.89 per share (six months ended 30 June 2014: Nil) which was subsequently paid on 30 July 2015.

Subsequent to the end of the interim period, an interim dividend of HK\$0.18 per share (six months ended 30 June 2014: HK\$0.18 per share) was proposed by the Board of Directors on 27 August 2015. It is payable on or about 4 November 2015 to shareholders who are on the register on 9 October 2015. This interim dividend, amounting to HK\$70,415,000 (six months ended 30 June 2014: HK\$70,415,000), has not been recognised as a liability in this condensed consolidated interim financial information. It will be recognised in owners' equity as an appropriation of retained earnings in the year ending 31 December 2015.

12 LEASEHOLD LAND AND LAND USE RIGHTS

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
At 1 January	18,951	19,534
Amortisation of prepaid operating lease payments (Note 7)	(292)	(292)
At 30 June	18,659	19,242

13 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
At 1 January	6,710,503	6,604,655
Additions	439,274	432,267
Depreciation (Note 7)	(220,467)	(233,697)
At 30 June	6,929,310	6,803,225

Notes to the Condensed Consolidated Interim Financial Information

14 TRADE AND OTHER RECEIVABLES

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Trade receivables	285,176	250,775
Trade receivables from related parties (Note 19)	170,743	204,944
Less: provision for impairment of trade receivables	(15,271)	(22,924)
	<hr/>	<hr/>
Trade receivables — net	440,648	432,795
Other receivables — net	346	6,401
Deposits and prepayments	17,106	23,935
	<hr/>	<hr/>
	458,100	463,131
Less non-current portion: Deposit	(2,616)	(2,616)
	<hr/>	<hr/>
Current portion	455,484	460,515

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

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Not yet due	250,661	207,276
1 to 30 days	59,979	31,694
31 to 60 days	21,318	29,581
61 to 90 days	17,718	38,328
91 to 180 days	58,708	80,236
181 days or above	32,264	45,680
	<hr/>	<hr/>
	440,648	432,795

Notes to the Condensed Consolidated Interim Financial Information

15 SHARE CAPITAL

	Number of shares (‘000)	Ordinary shares HK\$‘000
Issued and fully paid		
At 1 January 2014 and 30 June 2014	391,196	39,120
At 1 January 2015 and 30 June 2015	391,196	39,120

The total authorised number of ordinary shares is 550,000,000 shares (2014: 550,000,000 shares) with a par value of HK\$0.10 per share (2014: HK\$0.10 per share).

Share Award Scheme

The Share Award Scheme was approved to be established by the Board of Directors on 22 August 2007. Details of the Scheme were set out in Note 19 to the 2014 annual financial statements.

Movement in the number of Award Shares granted is as follows:

	Number of Award Shares	
	2015	2014
At 1 January	1,619,137	1,872,842
Vested during the period	—	(64,354)
At 30 June	1,619,137	1,808,488

Notes to the Condensed Consolidated Interim Financial Information

15 SHARE CAPITAL (CONTINUED)

Share Award Scheme (Continued)

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

	2015		2014	
	Number of shares held	Value HK\$'000	Number of shares held	Value HK\$'000
At 1 January	178,060	4,874	305,306	9,104
Purchase during the period	340,000	9,542	360,000	11,425
Shares vested during the period	—	—	(64,354)	(1,983)
At 30 June	518,060	14,416	600,952	18,546

No share (six months ended 30 June 2014 : 64,354 shares at a cost of HK\$1,983,000) was vested during the period.

There was no additional share awarded to eligible employees and directors during the six month periods ended 30 June 2015 and 2014. The remaining vesting periods of the Award Shares outstanding as at 30 June 2015 are between 1 month to 4 years.

Notes to the Condensed Consolidated Interim Financial Information

16 OTHER RESERVES

	Six months ended 30 June			
	Share premium	Share-based payment reserve	Shares held under Share Award Scheme	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	17,866	16,297	(9,104)	25,059
Share-based payment	—	5,632	—	5,632
Purchase of shares under Share Award Scheme	—	—	(11,425)	(11,425)
Shares vested under Share Award Scheme	—	(1,983)	1,983	—
Transfer to share-based payment reserve from retained earnings	—	850	—	850
At 30 June 2014	17,866	20,796	(18,546)	20,116
At 1 January 2015	17,866	18,006	(4,874)	30,998
Share-based payment	—	5,464	—	5,464
Purchase of shares under Share Award Scheme	—	—	(9,542)	(9,542)
At 30 June 2015	17,866	23,470	(14,416)	26,920

17 BANK BORROWINGS

	30 June 2015	31 December 2014
	HK\$'000	HK\$'000
Non-current	1,959,805	1,929,333
Current	276,444	254,039
	2,236,249	2,183,372

The Group utilised bank loan facilities of approximately HK\$2,453,086,000 (31 December 2014: HK\$2,257,192,000) and repaid the principal amount of HK\$144,299,000 during the period ended 30 June 2015 (six months ended 30 June 2014: Nil). The carrying amount of the bank borrowings was approximately HK\$2,236,249,000 (31 December 2014: HK\$2,183,372,000), after netting off transaction costs of approximately HK\$72,538,000 (31 December 2014: HK\$73,820,000).

Notes to the Condensed Consolidated Interim Financial Information

17 BANK BORROWINGS (CONTINUED)

The above 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 (31 December 2014: 2.65% per annum). The effective interest rate on the Group's bank borrowings was 3.52% per annum during the six month periods ended 30 June 2015 and 2014.

At 30 June 2015, the fair values were based on cash flows discounted using a rate based on the borrowing rate of 2.54% (31 December 2014: 2.62%) and were within level 2 of the fair value hierarchy.

At 30 June 2015, the Group's bank borrowings were repayable as follows:

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Within 1 year	276,444	254,039
Between 1 and 2 years	273,564	250,999
Between 2 and 5 years	833,079	764,116
Over 5 years	853,162	914,218
	2,236,249	2,183,372

The interest expense on bank borrowings for the six months ended 30 June 2015 were HK\$39,402,000 (six months ended 30 June 2014: HK\$17,814,000), and HK\$26,117,000 (six months ended 30 June 2014: HK\$15,321,000) of the interest was capitalised as the costs of property, plant and equipment during the period.

As at 30 June 2015, the Group had unutilised banking facilities of approximately HK\$1,872,000,000 which are available for a term of 5 years from the initial drawdown date of the facilities. The banking facilities are secured by a charge on insurance claim proceeds relating to certain satellites other than AsiaSat 6 and AsiaSat 8 satellites. In July 2015, the Group had drawn down part of the facilities of approximately HK\$1,755,000,000 to finance the dividend payments and working capital of the Group.

As at 31 December 2014, the Group had available unutilised banking facilities of approximately HK\$437,898,000. Out of that amount, HK\$195,894,000 was subsequently drawn down and the remaining facilities were expired in February 2015.

Notes to the Condensed Consolidated Interim Financial Information

17 BANK BORROWINGS (CONTINUED)

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

	Carrying amount		Fair Value	
	30 June 2015 HK\$'000	31 December 2014 HK\$'000	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Non-current	1,959,805	1,929,333	1,972,180	1,932,427
Current	276,444	254,039	278,515	254,564
	<u>2,236,249</u>	<u>2,183,372</u>	<u>2,250,695</u>	<u>2,186,991</u>

18 COMMITMENTS

Capital commitments

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

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
AsiaSat 9		
Contracted but not provided for	832,440	1,279,106
Other assets		
Contracted but not provided for	876	889
	<u>833,316</u>	<u>1,279,995</u>

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 the lease arrangements are renewable at the end of the lease period at market rate. The lease expenditure charged to the condensed consolidated statement of comprehensive income during the period is disclosed in Note 7.

Notes to the Condensed Consolidated Interim Financial Information

18 COMMITMENTS (CONTINUED)

Operating lease commitments — Group Company as lessee (Continued)

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

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Not later than 1 year	7,970	7,979
Later than 1 year and not later than 5 years	7,885	11,508
	15,855	19,487

Operating lease commitments — Group Company as lessor

The Group leased 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 condensed consolidated statement of comprehensive income during the period was HK\$12,288,000 (six months ended 30 June 2014: HK\$11,244,000).

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

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Not later than 1 year	1,423	4,229
Later than 1 year and not later than 5 years	3,346	3,901
	4,769	8,130

Notes to the Condensed Consolidated Interim Financial Information

19 RELATED-PARTY TRANSACTIONS

At 30 June 2015, the Company was directly controlled by Bowenvale (incorporated in the British Virgin Islands) with total shareholding of approximately 74%, and was indirectly owned by CITIC (incorporated in China) and Carlyle (referred to in Note 1), 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.

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
CITICSat	129,445	121,853

Notes to the Condensed Consolidated Interim Financial Information

19 RELATED-PARTY TRANSACTIONS (CONTINUED)

(b) Marketing expenses

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

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
CITICSat	4,813	3,263

(c) Key management compensation

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
Salaries and other short-term employee benefits	21,414	20,477
Share-based payments	3,354	3,003
	24,768	23,480

The Group made payments to a subsidiary of CITIC, a subsidiary of Carlyle and a subsidiary of GE for the services of certain NEDs representing them.

	Six months ended 30 June	
	2015	2014
	HK\$'000	HK\$'000
A subsidiary of CITIC	245	235
A subsidiary of GE	168	208
A subsidiary of Carlyle	50	—
	463	443

Notes to the Condensed Consolidated Interim Financial Information

19 RELATED-PARTY TRANSACTIONS (CONTINUED)

(d) Period/Year-end balances arising from these transactions

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Trade receivables from related parties (Note 14):		
CITICSat (Note)	170,743	204,944
Payables to related parties:		
CITICSat	10,226	3,221
Deferred revenue in relation to related parties:		
CITICSat	131,496	151,485

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 30 June 2015, a provision for impairment of HK\$4,000 (31 December 2014: HK\$4,000) was recorded and included within the provision as disclosed in Note 14.

20 CONTINGENCIES

Save as disclosed in other notes to the condensed consolidated interim financial information, there have been no contingencies to the Group that may impact the condensed consolidated interim financial information.

21 EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in other notes to the condensed consolidated interim financial information, there have been no events subsequent to the period end which require further adjustments or disclosures therein.

Report on Review of Interim Financial Information



羅兵咸永道

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

INTRODUCTION

We have reviewed the interim financial information set out on pages 21 to 46, which comprises the interim condensed consolidated statement of financial position of Asia Satellite Telecommunications Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2015 and the related interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 27 August 2015

Shareholder Information

2015 FINANCIAL CALENDAR

Interim results announcement	27 August 2015
Last day to register for 2015 interim dividend	30 September 2015
Book closure period	2 October-9 October 2015
Interim dividend payment	4 November 2015
Financial year end	31 December

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

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

ORDINARY SHARES

Shares outstanding as at 30 June 2015:

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

INTERIM REPORT 2015

Copies of interim reports can be obtained by writing to:

Manager, Corporate Affairs
Asia Satellite Telecommunications Holdings Limited
12th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong

WEBSITE

<http://www.asiasat.com>

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

COMPANY CONTACT

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

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INVESTOR RELATIONS CONTACT

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