AsiaSat

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

STOCK CODE: 1135

Ahead of the GAME >

Interim Report 2014

About AsiaSat

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

AsiaSat is Asia's premier provider of high quality satellite services to the broadcasting and telecommunications markets. The Group owns and operates five satellites, that are located in prime geostationary positions over the Asian landmass and provide access to two-thirds of the world's population.

The Company's strategy is to maximise the return from its core business of satellite transmission services while exploring convergence opportunities in satellite related new growth industries.

www.asiasat.com

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Corporate Information

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Sherwood P. DODGE

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
John F. CONNELLY
Nancy KU

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)*
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

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

Chairman's Statement

2014 is a period of transition for AsiaSat. In April, we replaced AsiaSat 3S with AsiaSat 7, which will provide us higher power and improved coverage. In August, we launched AsiaSat 8 to serve our South Asia market and at the end of August we will be launching AsiaSat 6 mainly to serve the China market.

Profitability for AsiaSat during the first half of 2014 was below the previous year as indicated in our profit warning on 16 July. The decline was related to a number of items more fully described below, including a reduction in turnover, incremental depreciation on AsiaSat 7 and an increase in operating expenses.

Some of these factors will affect our results for the second half of 2014, and the commencement of depreciation on AsiaSat 6 and 8 during this period will put additional pressure on our profit. However, the incremental capacity and market coverage provided by AsiaSat 6, 7 and 8 will position us to capture growth opportunities commencing in 2015.

INTERIM RESULTS

Turnover

Turnover for the first half of 2014 was HK$694 million (2013: HK$767 million), representing a decrease of 10% as compared to the same period last year. The drop in turnover was primarily attributable to a July 2013 agreement with a major customer which resulted in a significant extension of the contract, as well as the termination of several contracts associated with the reduction in U.S. military activity in the Middle East.

Contracts on Hand

As at 30 June 2014, the value of contracts on hand amounted to HK$4,236 million (31 December 2013: HK$3,820 million). A substantial portion of the increase was from a contract signed with a customer providing Direct-to-Home (DTH) television services in Indonesia.

Operating Expenses

Operating expenses in the first half of 2014, excluding depreciation, totalled HK$127 million (2013: HK$96 million). The increase resulted mainly from an exchange loss of HK$6 million, due to the depreciation of the Renminbi and the appreciation of the Indian Rupee in which Indian tax payable is denominated, as compared with an exchange gain of HK$9 million in the previous interim period. Excluding the exchange rate effect, the operating expense increase of approximately HK$16 million was primarily the result of an increase in staff costs in 2014 as compared to a reversal of a bonus provision in 2013.

Finance Expenses

Finance expenses from the Ex-Im bank loan incurred from March 2014 amounted to HK$18 million, of which HK$15 million was capitalised as part of the cost of AsiaSat 6 and AsiaSat 8 (2013: Nil).

Depreciation

Depreciation in the first half of 2014 was HK$234 million (2013: HK$203 million), representing an increase of HK$31 million, due to a full six months depreciation provision for AsiaSat 7.

Profit

Profit attributable to equity holders for the first half of 2014 was HK$283 million (2013: HK$401 million). The decline was the result of the factors referred to above.

Cash Flow

AsiaSat's cashflow is strongly affected by the timing and financing of capital expenditure related to the building of new satellites. For the first six months of 2014, the Group generated a net cash inflow of HK$1,905 million (2013: HK$9 million) including the proceeds from the Ex-Im bank loan of HK$1,780 million (2013: Nil) and after capital expenditure of HK$423 million (2013: HK$584 million). As of 30 June 2014, the Group had cash and bank balances of HK$3,406 million (31 December 2013: HK$1,501 million).

Dividend

The Board has declared an interim dividend of HK$0.18 per share (2013: HK$0.12 per share), increased from 2013 in order to create a better balance between interim and final dividends. The interim dividend will become payable on or about 4 November 2014 to equity holders on the share register as at 8 October 2014. The share register will be closed from 3 to 8 October 2014 (both days inclusive).

SATELLITES

AsiaSat's existing fleet of in-orbit satellites — AsiaSat 3S, 4, 5 and 7 — continued to provide outstanding service to millions of people across the Asia-Pacific region. During the first half of the year, we prepared for the launches of AsiaSat 6 and AsiaSat 8 and began building AsiaSat 9.

AsiaSat 3S was replaced by AsiaSat 7 in April 2014 and is presently being used to secure the 120 degrees East slot in advance of the launch of AsiaSat 6. Following the launch, AsiaSat 3S will be deployed in inclined orbit in a number of applications to provide temporary service to customers and contribute additional short term revenue to the Group.

AsiaSat 5 proved to be the preferred distribution platform for sporting events such as the Winter Olympics in Sochi and, more recently, the 2014 FIFA World Cup in Brazil where we brought football fans in Asia the first-ever live telecast of this sporting event in 4K or Ultra High Definition (UHDTV) along with its regular full High Definition (HDTV) coverage of all 64 World Cup matches.

AsiaSat 5 also attracted customers during the first half of 2014 based on our market reputation for delivering a reliable premium service. New customers included:

- beIN SPORTS, a HDTV channel featuring a range of sports content that includes the Italian Serie A, French Ligue 1, and other world sports tournaments such as the ATP World Tour 250 series.

- VIVA+, a new DTH service for Indonesia.

- ARQIVA LIMITED for C-band capacity to distribute an array of elite sporting events, such as football, cricket, volleyball and tennis, throughout Asia and Australia.

AsiaSat 7 is now providing service at the orbital location of 105.5 degrees East after replacing AsiaSat 3S in April 2014. AsiaSat 7 acquired Pakistan's Pashto entertainment channel, Pashto 1, as a new customer during this period. The Pashto 1 channel provides service to the large Pashto-speaking population in Pakistan, Afghanistan, the Middle East, and other regions, expanding our line-up of local language television services.

After several scheduling delays, AsiaSat 6 and 8 were rescheduled for a launch from Cape Canaveral, Florida in August 2014. AsiaSat 8 was successfully launched on 5 August and is presently undergoing in-orbit testing before being moved into its final orbital position. AsiaSat 8 will offer incremental Ku band capacity at 105.5 degrees East as it will be collocated with AsiaSat 7. AsiaSat 8 was designed to provide service to South Asia, the Middle East and Southeast Asia. In these markets, there are growing opportunities for AsiaSat 8 to meet capacity demand for DTH, distance education, distance medicine and diagnosis, in-flight internet connectivity, high speed rail broadband access, mobile backhaul for 3G/4G, and maritime communications.

We are awaiting the launch of AsiaSat 6 later this month. AsiaSat 6 will add additional C band capacity at a new orbital location of 120 degrees East. As announced earlier, AsiaSat 6 will be located at this new orbital location under a cooperation arrangement with Thaicom (Thaicom Public Company Limited) of Thailand. AsiaSat 6 will be mainly used to service growing requirements in the China market.

Construction is on track for the launch of AsiaSat 9 by late 2016 or early 2017. It will replace AsiaSat 4 at 122 degrees East where it will continue serving existing customers. Additional Ku-band transponders on this satellite will also enable us to serve markets in China, Australia and emerging markets such as Mongolia and Indonesia.

The recent satellite replacement programs follow our long-standing strategy of launching early in order to have another launch opportunity should we suffer a failure. AsiaSat 7 was launched two years before the end of the life of AsiaSat 3S in order to ensure the continuity of our existing customers' businesses and protect our revenue in the event of a launch failure. This will also be the case with AsiaSat 9, which will replace AsiaSat 4 two and half years before that satellite's anticipated end of life. In both of these cases, we can use the remaining two or three years of life of the satellites to generate incremental revenue.

The number of transponders leased or sold as of 30 June 2014 was 101, as compared to 97 as of 31 December 2013 and the overall utilisation rate for the period ended 30 June 2014 was 76% as compared with 74% as of 31 December 2013.

MARKET REVIEW

Our business is region-wide and covers a vast geographical area comprised of many governments, regulators and geopolitical environments. Operating in these markets presents a variety of challenges and opportunities:

The Regulatory Perspective

Governments throughout the region have initiated regulations which have created new growth opportunities for satellite services. As an example, in countries such as India, Thailand and the Philippines regulators have introduced Digital Terrestrial Television to digitise the television sector. Existing DTH platforms are now requiring more capacity to introduce new services such as interactive TV and HDTV in order to compete.

In addition, DTH services continue to grow in Asia as the governments in certain countries issue new licences to make possible a broader range of services to pay television consumers. These new DTH licenses are creating additional demand for satellite capacity in countries such as Pakistan, Myanmar, Sri Lanka, Bangladesh and Indonesia.

These developments are increasing the need for satellite capacity and creating a growth opportunity for AsiaSat.

The Technology Perspective

The availability of more advanced compression technologies, such as MPEG-4 and higher modulation DVB-S2, has reduced the bandwidth requirements for Standard Definition (SDTV) and HDTV channels. Such technology advances lower the entry costs for new program providers in the market, thus expanding the number and type of potential customers requiring satellite services. In addition, existing programmers and platform providers find it more affordable to launch new SDTV or HDTV services allowing them to expand their product offering more economically. The resulting drive by existing customers and new entrants to seek capacity for their expansion needs will open up potential new market opportunities for AsiaSat.

We are also paying close attention to the next wave in broadcasting technology — 4K or UHDTV — which delivers four times the resolution of the existing HDTV. Although much of our customer base is still using SDTV, we believe 4K will eventually be widely adopted. 4K and UHDTV transmissions utilise considerably more bandwidth than SDTV or HDTV, thus requiring more satellite capacity. At a recent industry event, we participated in a demonstration of this technology showing how satellites will be used to distribute 4K content.

Another technology, Satellite IP, will allow users to watch television programmes across a variety of personal devices such as smartphones and tablets. We are continually exploring the role that we can play in providing expanded content delivery to our customers through Satellite IP and other technologies.

Fibre continues to be a potential threat to some satellite services as governments in our market seek to improve their infrastructural development by deploying nationwide fibre networks and trans-oceanic fibre links. While this trend has continued over the past several years and has reduced our participation in traditional telecoms point-to-point services, satellite still has a unique advantage over fibre for broadcast type communications owing to its ubiquitous coverage and point-to-multipoint delivery capabilities.

The Market Demand Perspective

There is a growing demand from terrestrial and pay TV operators for content that differentiates their service offerings. The rising number of channels across Asia offering greater content variety, more local languages, and higher resolution with better viewing quality, will spur content development. We have positioned AsiaSat to provide these channels with the capacity they need to distribute their new services.

There is also growing demand for increased connectivity in certain markets and countries, where the infrastructure for telecom, mobile and broadband is underdeveloped. Satellite, with its ability to reach remote regions and outlying islands, is well accepted in these markets, particularly for mobile backhaul and VSAT services.

Other sources of market demand which we are seeking to satisfy include the need for added capacity to carry inflight and maritime communications. In addition, telecommunications companies upgrading to 3G and 4G networks also require greater bandwidth to provide better connectivity and nationwide coverage even in remote areas. Again, AsiaSat is in a position to fulfil these growing bandwidth requirements.

OUTLOOK

We recognised in our 2013 annual report that 2014 would be a transition year for the Company. The replacement of AsiaSat 3S with AsiaSat 7 and the addition of AsiaSat 6 and AsiaSat 8 to our fleet will provide the Group with incremental power, coverage and capacity. Some of the factors which have adversely affected our results for the first half of 2014 will continue to have an effect in the second half of the year. At the same time, we remain confident that the cumulative effect of the actions taken this year has better positioned the Group for future growth.

Longer term, AsiaSat 9 will be launched in late 2016 or early 2017 and will replace AsiaSat 4 with improved performance and added capacity to further expand our capabilities to meet the growing demand for satellite capacity across the region.

With our growing satellite fleet, strong team and established market reputation for providing reliable service, we are well placed to capitalise on new business opportunities.

ACKNOWLEDGEMENTS

The first half of the year has been very active with preparation for two satellite launches and a new satellite procurement, as well as the more typical business acquisition activities in a dynamic and competitive environment. I would like to take this opportunity to extend my appreciation to our customers for entrusting us with their business. I also want to thank our management team and staff for their dedication and hard work during the first half of 2014. And I want to thank my fellow Board members for their continued active guidance and counsel.

Sherwood P. DODGE
Chairman

21 August 2014

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 as described below:

CODE ON CORPORATE GOVERNANCE PRACTICES

All independent non-executive directors ("INED"s) and non-executive directors ("NED"s) 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 ("AGM"), whichever is the earlier. They are all subject to retirement, rotation and re-election at the Company's AGM.

The Company is committed to maintaining high standards of corporate governance practices and procedures. The corporate governance principles of the Company emphasize 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 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the six months ended 30 June 2014 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 and Mr. John F. CONNELLY, both being NEDs of the Company, were unable to attend the annual general meeting of the Company held on 19 June 2014 ("2014 AGM") due to other business and personal commitments. Mr. CHONG Chi Yeung, alternate director to Mr. Luo, attended the 2014 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 of 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 2014 to 30 June 2014.

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 2014 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 2014.

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

During the six months ended 30 June 2014, the Trust, which was set up to administer the Company's Share Award Scheme, has purchased a total of 360,000 ordinary shares of HK$0.10 each of the Company at an average price of HK$32 per share on the Stock Exchange. The purchase involved a total cash outlay of HK$11,425,000. 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 2014.

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.

DIRECTORS' INTERESTS

As at 30 June 2014, 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							
Directors	**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**
Peter JACKSON	Long position	800,264	—	—	—	—	—	800,264	0.20
William WADE	Long position	549,689	—	—	—	—	—	549,689	0.14
James WATKINS	Long position	50,000	—	—	—	—	—	50,000	0.01

SUBSTANTIAL EQUITY HOLDERS

As at 30 June 2014, 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) & (3)	74.43
Able Star Associates Limited	Interest in controlled corporation	Long position	291,174,695 (1)	74.43
CITIC Pacific Limited	Other (2)	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
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
Aberdeen Asset Management plc and its Associates	Investment manager	Long position	27,185,500	6.95

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 ("CITIC Corporation") (formerly known as CITIC Limited), which in turn a wholly-owned subsidiary of CITIC Group Corporation ("CITIC"). Accordingly, Able Star, CITIC Asia, CITIC Projects, CITIC Corporation and CITIC are deemed to be interested in the total of 291,174,695 shares in the Company held by Bowenvale.

On 16 April 2014, CITIC and its wholly-owned subsidiary Beijing CITIC Enterprise Management Company Limited ("Beijing CITIC") entered into a share transfer agreement with CITIC Pacific Limited ("CITIC Pacific"), pursuant to which CITIC and Beijing CITIC agreed to transfer 100% of the total issued share capital of CITIC Corporation to CITIC Pacific. Upon completion of the share transfer, CITIC Pacific will become the sole direct shareholder CITIC Corporation. CITIC will remain the Company's ultimate controlling shareholder. As at 30 June 2014, the share transfer has not been completed.

SUBSTANTIAL EQUITY HOLDERS (CONTINUE)

Notes: (Continued)

(2) As described in Note (1) above, the acquisition of 100% of the total issued share capital of CITIC Corporation by CITIC Pacific has not yet been completed as at 30 June 2014.

(3) GE Pacific-3 Holdings, Inc. ("Pacific 3") controls 41.56% of the voting rights of Bowenvale and other affiliates of General Electric Company ("GE") own another 8.44%. They are all indirect wholly-owned subsidiaries of GE. Accordingly, Pacific 3 and its GE affiliates are interested in 291,174,695 shares of the Company held by Bowenvale.

ARRANGEMENT TO 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 2013 annual report of the Company required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

With effect from 30 April 2014, Mr. Luo Ning ceased to act as a Vice Chairman and executive director of CITIC 21 CN Company Limited (Stock Code: 241) listed on the Main Board of the Stock Exchange.

Mr. Peter Jackson is the NED of SpeedCast International Limited which was successfully listed on the Australian Stock Exchange on 12 August 2014.

CLOSURE OF REGISTER OF MEMBERS

The Register of equity holders of the Company will be closed from 3 to 8 October 2014 (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 2014. The interim dividend will be paid on or about 4 November 2014.

Management Discussion and Analysis

FINANCIAL REVIEW

Turnover

Turnover for the period was HK$694 million (2013: HK$767 million), a decrease of HK$73 million over the same period last year. The drop was mainly due to a July 2013 agreement with a major customer which resulted in a significant extension of the contract, as well as the termination of several contracts associated with the reduction in U.S. military activity in the Middle East.

Cost of services

Cost of services was HK$286 million (2013: HK$252 million), an increase of HK$34 million, mainly as a result of an increase in the depreciation charge of HK$31 million, due to a full six months depreciation provision for AsiaSat 7.

Other gains

The other gains of HK$22 million (2013: HK$11 million), an increase of HK$11 million, was mainly due to an increase in bank deposits, resulting from the receipt of proceeds of the Ex-Im bank loan during the period.

Administrative expenses

Administrative expenses were HK$74 million (2013: HK$47 million), an increase of HK$27 million. This increase was the result of a net exchange loss of HK$6 million, compared with an exchange gain of HK$9 million for the previous interim period, due to the depreciation of bank deposits denominated in RMB and appreciation of Indian Rupees in Indian tax payable. In addition to this, an impairment provision on trade receivables increase by HK$2 million, compared to a reversal of impairment charge of HK$2 million in last interim period has accounted for the increase. The remaining represented an increase in staff and other miscellaneous costs compared to the last interim period.

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% (2013: 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% (2013: 7% to 43.26%), prevailing in the countries in which the profit is earned. Further details are set out in Note 15 of the condensed consolidated interim financial information.

FINANCIAL REVIEW (CONTINUED)

Profit for the period

Profit attributable to owners amounted to HK$283 million (2013: HK$401 million), a decrease of HK$118 million when compared to the previous period. The factors contributing to the decline in profits have been mentioned above.

Order book

As at 30 June 2014, the value of contracts on hand amounted to HK$4,236 million (31 December 2013: HK$3,820 million), of which approximately HK$504 million will be recognised in the second half of this year. The increase was substantially from a contract signed with a customer providing DTH television services in Indonesia. 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		
		2014	2013	Change
Turnover	HK$M	**694**	767	–10%
Profit attributable to owners	HK$M	**283**	401	–29%
Dividend	HK$M	**70**	47	+50%
Capital and reserves	HK$M	**6,899**	7,224	–4%
Earnings per share	HK cents	**73**	103	–29%
Dividend per share	HK cents	**18**	12	+50%
Return on owners' funds	Percent	**4**	6	–2%
Net assets per share — book value	HK cents	**1,764**	1,847	–4%

LIQUIDITY AND FINANCIAL RESOURCES

During the period under review, the Group generated a net cash inflow of HK$1,905 million (2013: HK$9 million), including the proceeds from the Ex-Im bank loan of HK$1,780 million (2013: HK$Nil) after paying capital expenditure of HK$423 million (2013: HK$584 million). As at 30 June 2014, the Group had cash and bank balances of HK$3,406 million (31 December 2013: HK$1,501 million).

Total bank borrowings as at 30 June 2014 were HK$1,783 million (31 December 2013: Nil). 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 12 of the condensed consolidated interim financial information. All bank borrowings are denominated in United States Dollars.

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 to the condensed consolidated interim financial information.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2014, the Group had 132 (31 December 2013: 134) 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.

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

Saved as disclosed in Note 12 of the condensed consolidated interim financial information, there was no charge over the Group’s assets.

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 2014, the Group had total capital commitments of HK$2,012 million (31 December 2013: HK$2,158 million), of which all were contracted but not provided for.

GEARING RATIO

As at 30 June 2014, the Group's gearing ratio, expressed as a percentage of the total bank borrowings of HK$1,783 million (as at 31 December 2013: HK$ Nil) over total equity of approximately HK$6,899 million (as at 31 December 2013: HK$7,522 million) was approximately 26% (as at 31 December 2013: Nil). Details of the maturity profile of the total bank borrowings and undrawn banking facilities are set out in Note 12 of the condensed consolidated interim financial information. All bank borrowings are denominated in United States Dollars.

EXCHANGE RATES AND ANY RELATED HEDGES

During the period, the majority of the Group's revenues, premiums for satellite insurance coverage and substantially all capital expenditure were denominated in United States Dollars, to which the Hong Kong Dollar is pegged. The Group's remaining operating expenses were primarily denominated in Hong Kong Dollars. At 30 June 2014, the Group's existing transponder utilisation agreements with customers and the capital commitments were substantially denominated in United States Dollars. The Board considers that the Group's currency exposures do not warrant the expense and complexity of hedging against currency fluctuations.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights	7	**19,242**	19,534
Property, plant and equipment	8	**6,803,225**	6,604,655
Unbilled receivables		**6,666**	3,005
Deposit	9	**2,616**	2,616
Total non-current assets		**6,831,749**	6,629,810
Current assets			
Trade and other receivables	9	**364,291**	405,813
Cash and banks		**3,405,646**	1,501,110
Total current assets		**3,769,937**	1,906,923
Total assets		**10,601,686**	8,536,733
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares	10	**39,120**	39,120
Reserves			
— Retained earnings		**6,839,505**	7,456,691
— Other reserves	11	**20,116**	25,059
		6,898,741	7,520,870
Non-controlling interests		**842**	901
Total equity		**6,899,583**	7,521,771

The notes on pages 23 to 42 form an integral part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Financial Position

	Note	Unaudited 30 June 2014 HK$'000	Audited 31 December 2013 HK$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	12	**1,681,540**	—
Deferred income tax liabilities		**389,579**	389,307
Deferred revenue		**46,825**	54,377
Other amounts received in advance		**1,377**	1,377
Total non-current liabilities		**2,119,321**	445,061
Current liabilities			
Bank borrowings	12	**101,891**	—
Construction payables		**6,880**	12,882
Other payables and accrued expenses		**63,119**	65,210
Deferred revenue		**178,021**	199,166
Current income tax liabilities		**333,000**	292,522
Dividend payable		**899,871**	121
Total current liabilities		**1,582,782**	569,901
Total liabilities		**3,702,103**	1,014,962
Total equity and liabilities		**10,601,686**	8,536,733
Net current assets		**2,187,155**	1,337,022
Total assets less current liabilities		**9,018,904**	7,966,832

The notes on pages 23 to 42 form an integral part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Comprehensive Income

	Note	Unaudited Six months ended 30 June 2014 HK$'000	2013 HK$'000
Sales	6	**693,564**	767,383
Cost of services		**(286,456)**	(252,173)
Gross profit		**407,108**	515,210
Administrative expenses		**(74,132)**	(46,784)
Other gains — net	13	**21,612**	11,403
Operating profit	13	**354,588**	479,829
Finance expenses	14	**(2,493)**	—
Profit before income tax		**352,095**	479,829
Income tax expense	15	**(68,740)**	(79,210)
Profit and total comprehensive income for the period		**283,355**	400,619
Profit and total comprehensive income for the period attributable to:			
— Owners of the Company		**283,414**	400,678
— Non-controlling interests		**(59)**	(59)
		283,355	400,619
Earnings per share attributable to owners of the Company		**HK$ per share**	HK$ per share
Basic earnings per share	16	**0.73**	1.03
Diluted earnings per share	16	**0.72**	1.02
		HK$'000	HK$'000
Interim dividend	17	**70,415**	46,943

The notes on pages 23 to 42 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	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$'000	Total HK$'000
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
Balance at 1 January 2013	39,120	17,866	(1,712)	14,136	7,468,928	7,538,338	1,021	7,539,359
Total comprehensive income for the period ended 30 June 2013	–	–	–	–	400,678	400,678	(59)	400,619
Total transactions with owners, recognised directly in equity								
Employees share award scheme:								
– Shares held under Share Award Scheme	–	–	(15,714)	–	–	(15,714)	–	(15,714)
– Share-based payment	–	–	–	4,648	–	4,648	–	4,648
Final and special dividends relating to 2012	–	–	–	–	(704,152)	(704,152)	–	(704,152)
Total transactions with owners, recognised directly in equity	–	–	(15,714)	4,648	(704,152)	(715,218)	–	(715,218)
Balance at 30 June 2013	39,120	17,866	(17,426)	18,784	7,165,454	7,223,798	962	7,224,760

The notes on pages 23 to 42 form an integral part of the condensed consolidated interim financial information.

Condensed Consolidated Statement of Cash Flows

	Unaudited	
	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Cash flows from operating activities:		
— Cash generated from operations	**581,653**	609,458
— Hong Kong profits tax paid	**(123)**	—
— Overseas tax paid	**(34,743)**	(20,627)
Cash flows from operating activities — net	**546,787**	588,831
Cash flows from investing activities:		
— Purchases of property, plant and equipment	**(422,811)**	(584,298)
— Proceeds on disposals of property, plant and equipment	**186**	—
— Interest received	**16,867**	9,923
— (Increase)/decrease in short-term bank deposits with maturities over three months	**(1,549,249)**	499,000
Cash flows used in investing activities — net	**(1,955,007)**	(75,375)
Cash flows from financing activities:		
— Purchase of shares under Share Award Scheme	**(11,425)**	(15,714)
— Proceeds from bank borrowings	**1,779,503**	—
Cash flows from/(used in) financing activities — net	**1,768,078**	(15,714)
Net increase in cash and cash equivalents	**359,858**	497,742
Cash and cash equivalents at beginning of the period	**564,078**	789,030
Cash and cash equivalents at end of the period	**923,936**	1,286,772
Analysis of cash and banks at end of the period		
Cash and banks with		
— Initial maturity less than three months	**923,936**	1,286,772
— Initial maturity more than three months	**2,481,710**	826,774
	3,405,646	2,113,546

The notes on pages 23 to 42 form an integral part of the condensed consolidated interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

1 GENERAL INFORMATION

The Company and 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.

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 21 August 2014.

This condensed consolidated interim financial information has been reviewed, not audited.

Key events

During the period ended 30 June 2014, the Group has drawn down a long term loan to finance the construction and launch of two new satellites, namely AsiaSat 6 and AsiaSat 8.

On 5 August 2014, a new satellite namely AsiaSat 8 was launched successfully. It will undergo in-orbit testing before coming into commercial use, expected to be in September 2014.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2014 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2013, as described in those annual financial statements.

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

3 ACCOUNTING POLICIES (CONTINUED)

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 2014 and have not been early adopted:

HKAS 16 and HKAS 38 (Amendment)	Classification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions[1]
HKFRS 9	Financial Instruments[4]
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]
HKFRSs (Amendments)	Improvements to HKFRSs 2012[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2013[1]

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

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 expense. 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 2013.

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 2013.

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

5.2 Liquidity risk

Subsequent to 31 December 2013, the Group has drawn down a long term loan to finance the construction and launch of two new satellites, namely AsiaSat 6 and AsiaSat 8. The loan is repayable semi-annually commencing from February 2015 with the final repayment in April 2023. Other than this, there was no material change in the contractual undiscounted cash outflows for financial liabilities of the Group.

5.3 Fair value estimation

In 2014, 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 2014, 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 2014 HK$'000	31 December 2013 HK$'000
Non-current	**1,687,104**	–
Current	**102,476**	–
	1,789,580	–

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 SALES AND SEGMENT INFORMATION

(a) Sales

The Group's sales are analysed as follows:

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Income from provision of satellite transponder capacity		
— recurring	**658,610**	742,031
— non-recurring	**1,248**	1,248
Sales of satellite transponder capacity	**15,697**	8,909
Other revenues	**18,009**	15,195
	693,564	767,383

(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 reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the reports reviewed by the President and Chief Executive Officer, who considers the business from a product perspective and assesses the performance based on a measure of profit after taxation of such business segment.

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 of the financial statements. These assets and liabilities are allocated based on the operations of the segments. The accounting policies of the reportable segments are the same as the Group's accounting policies.

The Group has only one business segment, namely operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunication. Accordingly, no segmental analysis is presented.

6 SALES AND SEGMENT INFORMATION (CONTINUED)

(b) Segment information (Continued)

The Group is domiciled in Hong Kong. The sales to customers in Greater China (including China and Hong Kong) for the six months ended 30 June 2014 are HK$248,533,000 (for the six months ended 30 June 2013: HK$288,525,000), and the total sales to customers in other countries are HK$445,031,000 (for the six months ended 30 June 2013: HK$478,858,000).

For the purpose of classification, the country where the customer (both external customer and related party) is incorporated is deemed to be the source of sales. However, the Group's operating assets consist primarily of its satellites which are used, or are intended for use, for transmission to multiple geographical areas and therefore cannot be allocated between geographical segments. Accordingly, no geographical analysis of expenses, assets and liabilities has been presented.

7 LEASEHOLD LAND AND LAND USE RIGHTS

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
At 1 January	**19,534**	20,117
Amortisation of prepaid operating lease payments (Note 13)	**(292)**	(292)
At 30 June	**19,242**	19,825

8 PROPERTY, PLANT AND EQUIPMENT

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
At 1 January	**6,604,655**	6,064,661
Additions	**432,267**	500,807
Depreciation (Note 13)	**(233,697)**	(203,329)
At 30 June	**6,803,225**	6,362,139

9 TRADE AND OTHER RECEIVABLES

	30 June 2014 HK$'000	31 December 2013 HK$'000
Trade receivables	**267,349**	237,225
Trade receivables from related parties (Note 19)	**106,141**	170,337
Less: provision for impairment of trade receivables	**(32,269)**	(30,022)
Trade receivables — net	**341,221**	377,540
Other receivables	**12,561**	8,169
Deposits and prepayments	**13,125**	22,720
	366,907	408,429
Less non-current portion: Deposit	**(2,616)**	(2,616)
Current portion	**364,291**	405,813

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

	30 June 2014 HK$'000	31 December 2013 HK$'000
Not yet due	**201,543**	195,441
1 to 30 days	**41,910**	54,054
31 to 60 days	**15,900**	17,774
61 to 90 days	**31,705**	22,147
91 to 180 days	**29,823**	43,752
181 days or above	**20,340**	44,372
	341,221	377,540

10 SHARE CAPITAL

	Number of shares (thousands)	Ordinary shares HK$'000
Issued and fully paid		
At 1 January 2013 and 30 June 2013	391,196	39,120
At 1 January 2014 and 30 June 2014	**391,196**	**39,120**

The total authorised number of ordinary shares is 550,000,000 shares (2013: 550,000,000 shares) with a par value of HK$0.10 per share (2013: HK$0.10 per share).

Share Award Scheme

The Share Award Scheme was approved to be established by the Board on 22 August 2007. Details of the Scheme were set out in Note 11 to the 2013 annual financial statements.

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

	Number of Award Shares	
	2014	2013
At 1 January	**1,872,842**	2,090,609
Vested during the period	**(64,354)**	—
At 30 June	**1,808,488**	2,090,609

10 SHARE CAPITAL (CONTINUED)

Share Award Scheme (Continued)

Movement in the Shares held under Share Award Scheme balance is as follows:

	2014		2013	
	Number of shares held	**Value HK$'000**	Number of shares held	Value HK$'000
At 1 January	**305,306**	**9,104**	73,726	1,712
Purchase during the period	**360,000**	**11,425**	527,500	15,714
Shares vested during the period	**(64,354)**	**(1,983)**	—	—
At 30 June	**600,952**	**18,546**	601,226	17,426

A total of 64,354 shares (2013: Nil) at a cost of HK$1,983,000 were vested during the period.

There was no additional share awarded to eligible employees and directors (2013: same) during the period. The remaining vesting periods of the Award Shares outstanding as at 30 June 2014 are between 1 month to 4 years.

11 OTHER RESERVES

	Six months ended 30 June			
	Share premium HK$'000	Share-based payment reserve HK$'000	Shares held under Share Award Scheme HK$'000	Total HK$'000
At 1 January 2013	17,866	14,136	(1,712)	30,290
Share-based payment	—	4,648	—	4,648
Purchase of shares under Share Award Scheme	—	—	(15,714)	(15,714)
At 30 June 2013	17,866	18,784	(17,426)	19,224
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**

12 BANK BORROWINGS

	30 June 2014 HK$'000	31 December 2013 HK$'000
Current	101,891	—
Non-current	1,681,540	—
	1,783,431	—

The Group utilised bank loan facilities of approximately HK$1,848,548,000 (2013: Nil) during the period ended 30 June 2014. The carrying amount of the bank borrowings was approximately HK$1,783,431,000, after netting off transaction costs of approximately HK$65,117,000.

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 3.52% (2013: Nil).

At 30 June 2014, the Group's bank borrowings were repayable as follows:

	30 June 2014 HK$'000	31 December 2013 HK$'000
Within 1 year	101,891	—
Between 2 and 5 years	827,789	—
Over 5 years	853,751	—
	1,783,431	—

The interest expense on bank borrowings for the six months ended 30 June 2014 were HK$17,814,000 (2013: Nil), and HK$15,321,000 (2013: Nil) of the interest was capitalised as the costs of property, plant and equipment during the period.

As at 30 June 2014, the Group has available unutilised fixed rate bank loan facilities of approximately HK$846,090,000 (31 December 2013: approximately HK$2,695,090,000) which will expire on 15 January 2015.

13 OPERATING PROFIT

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

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Interest income	**21,426**	11,403
Net gain on disposals of property, plant and equipment other than transponders	**186**	—
Other gains — net	**21,612**	11,403
Salary and other benefits, including directors' remuneration	**59,257**	51,679
Share-based payment	**5,632**	4,648
Pension costs — defined contribution plans	**4,543**	4,049
Total staff costs	**69,432**	60,376
Auditors' remuneration	**723**	758
Provision/(write back) for impairment of trade receivables — net	**2,395**	(1,503)
Depreciation of property, plant and equipment (Note 8)	**233,697**	203,329
Operating leases		
— Premises	**4,549**	4,304
— Leasehold land and land use rights (Note 7)	**292**	292
Net exchange loss/(gain)	**5,765**	(8,917)

14 FINANCE EXPENSES

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Interest expenses incurred on bank borrowings	**17,814**	—
Less: interest capitalised on qualifying assets	**(15,321)**	—
Total	**2,493**	—

The interest rate applied in determining the amount of interest capitalised in 2014 was 3.52% (2013: Nil).

15 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 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% (2013: 7% to 43.26%), prevailing in the countries the profit is earned.

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Current income tax		
— Hong Kong profits tax	**25,643**	29,149
— Overseas taxation	**42,825**	42,551
Total current tax	**68,468**	71,700
Deferred income tax	**272**	7,510
Income tax expense	**68,740**	79,210

15 INCOME TAX EXPENSE (CONTINUED)

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$34 million for the six months ended 30 June 2014 (2013: HK$33 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.

16 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	
	2014	2013
	HK$'000	HK$'000
Profit attributable to owners of the Company	**283,414**	400,678
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,711**	390,889
Basic earnings per share (HK$)	**0.73**	1.03

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

16 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	
	2014	2013
	HK$'000	HK$'000
Profit attributable to owners of the Company	**283,414**	400,678
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,711**	390,889
Effect of Awarded Shares (in thousands)	**587**	845
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	**391,298**	391,734
Diluted earnings per share (HK$)	**0.72**	1.02

17 DIVIDENDS

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
Interim dividend for the six months ended 30 June 2014 of HK$0.18 per share (interim dividend for the six months ended 30 June 2013 of HK$0.12 per share)	**70,415**	46,943

An interim dividend of HK$0.18 per share (2013: HK$0.12 per share) was proposed by the Board of Directors on 21 August 2014. It is payable on or about 4 November 2014 to shareholders who are on the register on 8 October 2014. This interim dividend, amounting to HK$70,415,000 (2013: HK$46,943,000), 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 2014.

18 COMMITMENTS

Capital commitments

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

	30 June	31 December
	2014	2013
	HK$'000	HK$'000
AsiaSat 6		
Contracted but not provided for	**340,866**	272,969
AsiaSat 8		
Contracted but not provided for	**127,546**	293,062
AsiaSat 9		
Contracted but not provided for	**1,540,734**	1,588,587
Other assets		
Contracted but not provided for	**3,320**	3,168
	2,012,466	2,157,786

18 COMMITMENTS (CONTINUED)

Operating lease commitments — Group Company as lessee

The Group leases certain of its office premises 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 13.

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

	30 June 2014 HK$'000	31 December 2013 HK$'000
Not later than 1 year	**7,979**	8,696
Later than 1 year and not later than 5 years	**15,856**	19,488
	23,835	28,184

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 condensed consolidated statement of comprehensive income during the period was HK$11,244,000 (2013: HK$10,502,000).

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

	30 June 2014 HK$'000	31 December 2013 HK$'000
Not later than 1 year	**12,732**	13,140
Later than 1 year and not later than 5 years	**4,569**	5,257
	17,301	18,397

19 RELATED-PARTY TRANSACTIONS

At 30 June 2014, the Company was directly controlled by Bowenvale (incorporated in the British Virgin Islands) with total shareholdings of approximately 74%, and was indirectly owned by CITIC (incorporated in China) and 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.

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

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
CITICSat	**121,853**	126,474

(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.

	Six months ended 30 June	
	2014	2013
	HK$'000	HK$'000
CITICSat	**3,263**	3,489

19 RELATED-PARTY TRANSACTIONS (CONTINUED)

(c) Key management compensation

	Six months ended 30 June 2014 HK$'000	2013 HK$'000
Salaries and other short-term employee benefits	**20,477**	19,401
Share-based payments	**3,003**	2,708
	23,480	22,109

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

	Six months ended 30 June 2014 HK$'000	2013 HK$'000
A subsidiary of CITIC	**235**	236
A subsidiary of GE	**208**	261
	443	497

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

	30 June 2014 HK$'000	31 December 2013 HK$'000
Trade receivables from related parties (Note 9):		
CITICSat (Note)	**106,141**	170,337
Payables to related parties:		
CITICSat	**1,463**	2,347
Deferred revenue in relation to related parties:		
CITICSat	**96,562**	126,442

19 RELATED-PARTY TRANSACTIONS (CONTINUED)

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

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 2014, a provision for impairment of HK$8,094,000 (31 December 2013: HK$2,416,000) was recorded and included within the provision as disclosed in Note 9.

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 interim financial information.

21 EVENTS AFTER THE REPORTING PERIOD

There have been no events subsequent to the period end which require adjustment or disclosures in the condensed consolidated interim financial information.

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 18 to 42, 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 2014 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.

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

pwc

羅兵咸永道

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, 21 August 2014

Shareholder Information

2014 FINANCIAL CALENDAR

Interim results announcement	21 August 2014
Last day to register for 2014 interim dividend	30 September 2014
Book closure period	3 October–8 October 2014
Interim dividend payment	4 November 2014
Financial year end	31 December

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

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

LISTING

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

ORDINARY SHARES

Shares outstanding as at 30 June 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

INTERIM REPORT 2014

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:

Manager, Corporate Affairs
Asia Satellite Telecommunications Holdings Limited
12th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong
Telephone : (852) 2500 0880
Facsimile : (852) 2500 0895
Email : wpang@asiasat.com

INVESTOR RELATIONS CONTACT

The Office of the President and Chief Executive Officer
Asia Satellite Telecommunications Holdings Limited
12th Floor, Harbour Centre
25 Harbour Road
Wanchai
Hong Kong
Telephone : (852) 2500 0888
Fax : (852) 2882 4640
Email : wwade@asiasat.com