MEDIA RELEASE

AsiaSat Reports 2016 Annual Results

Hong Kong, 15 March 2017 - Asia Satellite Telecommunications Holdings Limited ('AsiaSat' – SEHK: 1135), Asia's leading satellite operator, today announced its 2016 annual results for the year ended 31 December 2016.

Financial Highlights:

- 2016 revenue of HK$1,272 million, down 3% compared to 2015 primarily due to reduced short-term revenue from AsiaSat 3S. If excluding the short-term non-recurring AsiaSat 3S revenue, revenue grew by about 3%
- 2016 profit attributable to owners maintained at HK$430 million (2015: HK$440 million), as a result of lower income tax charges following the reversal of a provision made in previous years
- Combined new and renewed contracts during the year valued at HK$1,870 million (2015: HK$1,310 million). As at 31 December 2016, the value of contracts on hand increased by 16% to HK$4,067 million (2015: HK$3,517 million)
- Proposed final dividend of HK$0.20 per share

Operational Highlights:

- Utilisation of AsiaSat 4, AsiaSat 5, AsiaSat 6 and AsiaSat 7 as of 31 December 2016 stood at 67% (99 transponders utilised), with AsiaSat 8's entire Ku-band payload fully leased at 4 degrees West and AsiaSat 3S operating in inclined orbit to provide service in Asia
- AsiaSat 9, a replacement for AsiaSat 4 and planned for launch in late 2017, will offer additional capacity serving new markets for Direct-to-Home (DTH), regional video distribution, private networks and broadband services
- The acquisition of new customer Shanghai Interactive Television (SiTV) on AsiaSat 6 marked AsiaSat's re-entry into the China video market through establishing a high value platform to support the development of High Definition (HD) broadcasting in China
- Continued to lead the industry in advanced technology through advocating Ultra HD (UHD) broadcasting in Asia with its free-to-air UHD channel '4K-SAT' on AsiaSat 4, and evaluating opportunities to develop its High Throughput Satellite (HTS) Ka-band capabilities

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AsiaSat's Chairman, JU Wei Min, said, "In the coming year, the Board of Directors is cautiously optimistic on the economic prospects for the region, which, despite relatively flat indicators for some markets continues to invest in new telecommunications and media infrastructure, as well as renewing and updating existing facilities. New DTH platforms focused on smaller emerging markets remain attractive, especially given the need for relevant local-language services."

"In order to address the ever-increasing, long-term demand for new data transmission capacity AsiaSat will continue to evaluate opportunities to develop its HTS Ka-band capabilities, carefully monitoring and benefiting from the technical and commercial progress of deployments of IoT, UHD and other consumer driven services," Mr. JU added.

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ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 1135

Final Results for the Financial Year Ended 31 December 2016

CHAIRMAN'S STATEMENT

Introduction

In 2016, AsiaSat laid the groundwork for the prospect of improved revenues in 2017 as we move into a period of more efficient use of satellite bandwidth and increasing demand for media and data services across Asia. Although disappointing, this year's outcome should be viewed against a backdrop of globally unstable market conditions and the impact of disruptive new technologies.

The market instability resulted from a global oversupply of satellite capacity of all kinds and generally uncertain economic conditions. We recognise the need to continue to manage closely the pricing pressures on data services as well as compression improvements for video distribution which to some extent neutralise the benefits of the increased demand generated by mobility applications and video format upgrades.

Financial Performance

Despite 2016's challenging market environment, the Company continues to invest in stream-lining its sales structure amid changing market conditions and rapidly evolving customer needs.

Revenue

Revenue for 2016 was HK$1,272 million (2015: HK$1,311 million), a decrease of 3% from 2015 primarily attributable to the full-year impact of reduced short-term revenues as compared to the previous year and challenging conditions for customers and markets.

While the decline of revenue is disappointing, if the short-term non-recurring AsiaSat 3S revenue is excluded, in 2016 AsiaSat experienced approximately 3% growth over the previous year.

Operating Expenses

Operating expenses in 2016, excluding depreciation, were HK$244 million (2015: HK$253 million) reflecting our on-going commitment to keep expenses under tight control.

Finance Expenses

Finance expenses were HK$133 million (2015: HK$103 million) of which HK$79 million (2015: HK$26 million) was capitalised to the costs of our new satellite AsiaSat 9. The increase in finance expenses is due to the full-year effect (2015: partial year) of the bank borrowings for the payment of the special interim dividend in July 2015. Net finance expenses after capitalisation for 2016 were HK$54 million, HK$23 million lower than in the previous year (2015: HK$77 million), due to the increase in finance expenses eligible for capitalisation on the higher level of capital expenditure of the new satellite.

Depreciation

Depreciation in 2016 was HK$522 million (2015: HK$469 million), an increase of HK$53 million, reflecting a full-year of depreciation of AsiaSat 6 and AsiaSat 8, which became operational in the second half of 2015.

Taxation

Tax expenses for 2016 were HK$27 million (2015: HK$92 million), representing a reduction of HK$65 million, or 71%, due to the reversal of a provision made in previous years following agreement with tax authorities on the treatment of certain revenue and expenses.

Profit

Profit attributable to owners for 2016 was HK$430 million (2015: HK$440 million), a decrease of HK$10 million, or 2%**,** mainly due to lower revenue and higher depreciation charges. This reduction was mitigated by lower net finance expenses and lower income tax charges.

Cash Flow

The Group generated a net cash inflow of HK$3 million in 2016 (2015 outflow: HK$3,101 million). As of 31 December 2016, the Group's cash and bank balances stood at HK$241 million (31 December 2015: HK$238 million).

Cash inflow in 2016 predominantly comprised net cash generated from the operating activities of HK$991 million (2015: HK$875 million), while 2015 also included net proceeds from bank borrowings of HK$1,896 million with no new borrowing raised in 2016.

Cash outflow for the year included capital expenditures of HK$406 million (2015: HK$692 million) and repayment of bank borrowings of HK$523 million (2015: HK$328 million). 2015's cash outflow also included payment of HK$4,874 million for interim and special interim dividends. No dividend payments were made in 2016.

Dividend

For the year ended 31 December 2016, the Board will recommend a final dividend of HK$0.20 per share (2015: HK$Nil per share) in the forthcoming Annual General Meeting to be held on 14 June 2017. No interim dividend was paid for the year 2016.

For the year ended 31 December 2015, a total of HK$12.07 per share was paid, comprising the interim dividend of HK$0.18 per share and the special interim dividend of HK$11.89 per share.

Overall Business Performance

The Group won new contracts during the year totaling HK$1,439 million (2015: HK$533 million), including a significant agreement with Spacecom for the four-year utilisation of the entire AsiaSat 8 Ku-band payload and an increase in capacity taken by new and existing customers across the AsiaSat fleet**.** Renewed contracts amounted to HK$431 million (2015: HK$777 million), while combined new and renewed contracts amounted to HK$1,870 million (2015:

HK$1,310 million). As at 31 December 2016, the value of contracts on hand amounted to HK$4,067 million (2015: HK$3,517 million).

AsiaSat 6 carries 14 C-band transponders specially designed for the China video market. In January 2016, we were particularly pleased to re-enter the China video market via AsiaSat 6, following full regulatory approval in China after our exit in 2007. It is our belief that the acquisition of our new customer Shanghai Interactive Television (SiTV), signalled further support for the development of High Definition (HD) broadcasting in China, which is becoming a new industry standard.

The Fleet

With 99 C-band and Ku-band transponders utilised in 2016 the AsiaSat fleet of five in-orbit satellites (AsiaSat 4, AsiaSat 5, AsiaSat 6, AsiaSat 7 and AsiaSat 8) performed according to full technical specifications while AsiaSat 3S is able to provide service in inclined orbit.

As of 31 December 2016 the fleet utilisation rate, excluding AsiaSat 8, stood at 67%, down from 72% at year-end 2015, largely due to the addition of newly available transponders on AsiaSat 6 which entered commercial service in early 2016.

During the year we acquired new video and data network customers from China, South Asia and Southeast Asia, as well as leading international TV networks from Europe, Asia and around the world.

AsiaSat 9 is expected to launch in late 2017. We believe this satellite, which carries 28 C-band and 32 Ku-band transponders, along with a Ka-band payload is ideally positioned to exploit the growth in both HD and Ultra HD (UHD) video content and advanced broadband networks. AsiaSat 9 will be a replacement for AsiaSat 4 at 122 degrees East with additional capacity delivering enhanced power and greater coverage for Direct-to-Home (DTH), regional video distribution, private networks and broadband services within our footprint running from New Zealand to the Middle East.

In the meantime, as part of the four-year utilisation agreement with Spacecom signed in December 2016 we re-located AsiaSat 8 to 4 degrees West to assist Spacecom with its capacity shortfall.

In Orbit Capacity

AsiaSat 3S located at 146 degrees East remains operational and is able to provide services to customers for short-term contracts before it is retired.

AsiaSat 4 at 122 degrees East provides TV broadcast distribution, DTH and broadband services across our Asia Pacific footprint. In 2016 a growing number of broadcasters used AsiaSat 4 as a platform for TV distribution including UHD video content via the “4K-SAT” channel, pioneered by AsiaSat in late 2015 to promote UHD broadcasting via satellite in Asia.

AsiaSat 5 at 100.5 degrees East remains our primary distribution platform for live sports and news from around the world targeting Asia Pacific viewers. Events covered in 2016 included the Rio Olympics, the Australian Open and Wimbledon tennis championships, the 2016 Dakar Rally, the Masters Golf Tournament and a number of European soccer competitions, along with live news feeds and events such as the presidential election and the MTV Movie Awards in the United States. In addition, AsiaSat 5 is a primary vehicle for the delivery of a number of innovative VSAT services for aviation and telecom customers.

AsiaSat 6 at 120 degrees East received full licensing approval in early 2016, creating a high value platform for HDTV services across China.

AsiaSat 7 at 105.5 degrees East is the regional platform of choice for premium content distribution from South Asia, East Asia and global TV networks. Among new customers acquired during 2016 were Sony Pictures Networks India along with KBZ Gateway and SEANET in Myanmar for nationwide VSAT networks providing broadband data connectivity services. Global TV networks such as Japan International Broadcasting Inc. and Deutsche Welle also expanded their reach via AsiaSat 7 for their English language HD services across the Asia-Pacific.

AsiaSat 8 at 4 degrees West carries high-powered Ku-band capacity and a Ka-band payload. Following an utilisation agreement concluded with Spacecom in December 2016 for the use of the entire Ku-band payload for a minimum of four years, the satellite was relocated from 105.5 degrees East to 4 degrees West and commenced service at February 2017 after satisfactory completion of verification testing.

AsiaSat 9, the replacement satellite for AsiaSat 4 at 122 degrees East, is expected to launch in late 2017 allowing the Company to address new markets not presently covered by AsiaSat 4. The company is now actively engaged in advance marketing of this satellite.

Excluding AsiaSat 8 (under the Spacecom agreement, it no longer serves AsiaSat customers directly), as of 31 December 2016 the number of transponders utilised by the Company was 99, as compared with 96 as of 31 December 2015.

The AsiaSat Advantage

In the longer term the Company retains a distinctive market advantage with our deep Asian roots and close customer relationships. A further plus is our leadership in future technology, commitment to the quality and reliability of our service and our knowledge of Asian economic and cultural dynamics.

An additional AsiaSat asset is our understanding of the end-user services which remain a primary beneficiary of the region's continued overall economic development. The Asian demographic, where many markets feature populations with more than 40% under 35 years of age, continues to drive consumption of communications and information services.

Notwithstanding this positive outlook for video and related entertainment services, the rapid expansion of the VSAT sector within emerging markets in Asia is now an essential element within any regional data network and AsiaSat's flexible, mutually beneficial relationships with long-term customers such as SpeedCast, Panasonic Avionics and Telstra are delivering strong results.

Other positives for the Company include the impact of technology shifts only just beginning to be felt, including numerous deployments of OTT (Over the Top) services providing greater opportunities for the Company's broadband plans, Internet of Things (IoT) connectivity and the early roll-outs of 5G mobile video networks served by satellite backhaul that will create demand for more bandwidth connectivity.

Outlook 2017

In the coming year, the Board of Directors is cautiously optimistic on the economic prospects for the region, which, despite relatively flat indicators for some markets continues to invest in new telecommunications and media infrastructure, as well as renewing and updating existing facilities.

New DTH platforms focused on smaller emerging markets remain attractive, especially given the need for relevant local-language services.

In order to address the ever-increasing, long-term demand for new data transmission capacity AsiaSat will continue to evaluate opportunities to develop its HTS Ka-band capabilities, carefully monitoring and benefiting from the technical and commercial progress of deployments of IoT, UHD and other consumer driven services.

With regional economic prospects as estimated by the IMF, World Bank and EIU that range from 6.8% GDP growth for China in 2017, 7.3% for India and forecasts that hover around 6% for the majority of South and Southeast Asia (with Myanmar outstanding at 8.5%), as an innovative service provider AsiaSat has a positive commercial outlook despite the short-term negatives such as the current capacity over-supply.

Acknowledgments

The final quarter of 2016 was a time of transition for the Company as well as for our industry when Mr. William Wade retired as our President and Chief Executive Officer and was appointed as Senior Advisor until March 2017. On behalf of the Board of Directors, I express our sincere gratitude to Mr. Wade for his many years of dedicated and exceptional service to the Company.

We were delighted to welcome Mr. Andrew Jordan as the new President and Chief Executive Officer of the company. Mr. Jordan is a highly-respected industry veteran with extensive experience, knowledge and contacts across the satellite communications, broadcast and telecom industries and he brings a strategic vision that we are confident will drive the company's next phase of growth.

Finally, I would like to thank the Board, the management team and the staff for their tireless work and support during 2016.

JU Wei Min
Chairman

Hong Kong, 15 March 2017

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Consolidated Statement of Comprehensive Income

		Year ended 31 December	
	Note	**2016**	2015
		HK$'000	HK$'000
Revenue	2	**1,272,385**	1,310,991
Cost of services	4	**(627,392)**	(578,226)
Gross profit		**644,993**	732,765
Administrative expenses	4	**(138,313)**	(143,329)
Other gains – net	3	**4,651**	19,256
Operating profit		**511,331**	608,692
Finance expenses	5	**(54,353)**	(76,695)
Profit before income tax		**456,978**	531,997
Income tax expense	6	**(27,044)**	(92,242)
Profit and total comprehensive income attributable to the owners of the Company for the year		**429,934**	439,755
Earnings per share attributable to the owners of the Company for the year (expressed in HK$ per share)			
Basic earnings per share	7	**1.10**	1.12
Diluted earnings per share	7	**1.10**	1.12

Consolidated Statement of Financial Position

	Note	As at 31 December 2016 HK$'000	2015 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**17,785**	18,368
Property, plant and equipment		**6,830,436**	6,889,238
Unbilled receivables		**19,575**	12,041
Deposit		**2,851**	2,616
Total non-current assets		**6,870,647**	6,922,263
Current assets			
Unbilled receivables		**9,215**	-
Trade and other receivables		**317,624**	359,596
Cash and bank balances		**240,583**	237,579
Total current assets		**567,422**	597,175
Total assets		**7,438,069**	7,519,438
EQUITY			
Equity attributable to owners of the Company			
Share capital		**39,120**	39,120
Reserves			
- Retained earnings		**3,029,950**	2,597,197
- Other reserves		**35,600**	37,191
		3,104,670	2,673,508
Non-controlling interests		**904**	782
Total equity		**3,105,574**	2,674,290
LIABILITIES			
Non-current liabilities			
Bank borrowings		**2,913,283**	3,252,379
Deferred income tax liabilities		**432,271**	426,884
Other payables		**39,000**	-
Deferred revenue		**67,215**	80,314
Other amounts received in advance		**1,377**	1,377
Total non-current liabilities		**3,453,146**	3,760,954
Current liabilities			
Bank borrowings		**350,040**	495,740
Construction payables		**30,521**	51,397
Other payables and accrued expenses		**68,725**	103,928
Deferred revenue		**173,085**	162,343
Current income tax liabilities		**256,978**	270,786
Total current liabilities		**879,349**	1,084,194
Total liabilities		**4,332,495**	4,845,148
Total equity and liabilities		**7,438,069**	7,519,438

Notes:

1. Basis of preparation

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

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

As at 31 December 2016, the Group's current liabilities exceeded its current assets by approximately HK$311,927,000 (2015: HK$487,019,000). Included in the Group's current liabilities were deferred revenue of HK$173,085,000 (2015: HK$162,343,000) which represents non-refundable customer prepayments that will be recognised as revenue over the next twelve months through provision of transponder capacity services. The Group's net current liabilities less deferred revenue was HK$138,842,000 (2015: HK$324,676,000). 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 resources generated from its operations, together with the available banking 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 the Group's consolidated financial statements. Therefore, the Group has prepared its consolidated financial statements on a going concern basis.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities: Applying the Consolidation Exemption
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
Annual Improvements 2014	Annual Improvements 2012-2014 Cycle

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

1. Basis of preparation (Continued)

Changes in accounting policies and disclosures (Continued)

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

The following new standards and amendments to existing standards have been issued, but are not effective for the financial year beginning 1 January 2016 and have not been early adopted.

HKAS 7 (Amendment)	Statement of Cash Flows[1]
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses[1]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 16	Leases[3]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for the Group for annual periods beginning on or after 1 January 2017
2 Effective for the Group for annual periods beginning on or after 1 January 2018
3 Effective for the Group for annual periods beginning on or after 1 January 2019
4 To be determined

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 result of operations and financial position.

2. Revenue and segment information

(a) Revenue:

The Group's revenue is analysed as follows:

	2016 HK$'000	2015 HK$'000
Income from provision of satellite transponder capacity - recurring (Note)	**1,216,783**	1,257,433
Sales of satellite transponder capacity	**13,363**	13,585
Other revenues	**42,239**	39,973
	1,272,385	1,310,991

Note:

For the year ended 31 December 2016, a total amount of HK$13,269,000 (2015: HK$25,508,000) was recorded as the additional revenue received or receivable from certain customers following the enactment of the Finance Act in India in 2012, which imposes tax on the Group for revenue that could be considered as Indian sourced. Further details were set out in Note 6 to this announcement.

2. 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 that qualifies as reporting segment under HKFRS 8 and the information that is regularly reviewed by the President and Chief Executive Officer for the purposes of allocating resources and assessing performance of the operating segment is the consolidated financial statements of the Group, no separate segmental analysis is presented.

Revenue reported in Note 2(a) above represented transactions with third parties and are reported to the President and Chief Executive Officer in a manner consistent with that in the consolidated statement of comprehensive income.

The Group is domiciled in Hong Kong. The revenue from customers in Hong Kong and Greater China for the year ended 31 December 2016 are HK$177,283,000 (2015: HK$200,684,000) and HK$315,265,000 (2015: HK$289,482,000) respectively, and the total revenue from customers in other countries is HK$779,837,000 (2015: HK$820,825,000). 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.

For the year ended 31 December 2016, revenues of approximately HK$126,027,000 (2015: HK$125,827,000), which accounted for approximately 10% (2015: 10%) of the total revenue, are derived from a single external customer for the provision of satellite telecommunication systems for broadcasting and telecommunication.

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

3. Other gains - net

	2016 HK$'000	2015 HK$'000
Interest income	**4,808**	18,835
Net (loss)/gain on disposals of property, plant and equipment	**(157)**	421
	4,651	19,256

4. Operating profit

The Group's operating profit is arrived at after (crediting)/charging the following items:

	2016 **HK$'000**	2015 HK$'000
Salary and other benefits, including directors' remuneration	**112,506**	123,027
Share-based payment	**10,907**	11,134
Pension costs – defined contribution plans	**8,617**	9,748
Total staff costs	**132,030**	143,909
Auditor's remuneration		
- audit services	**1,900**	1,675
- non-audit services	**1,240**	1,536
Provision/(write back) for impairment of		
- trade receivables, net	**2,350**	(1,317)
- other receivables	**-**	(4,403)
Depreciation of property, plant and equipment	**521,816**	469,135
Employee benefit expense	**132,030**	143,909
Operating leases		
- Office premises	**7,973**	8,852
- Leasehold land and land use rights	**583**	583
Net exchange loss	**8,785**	21,166
Marketing and promotions expense	**5,015**	5,167
Satellite operations	**7,363**	7,109

5. Finance expenses

	2016 **HK$'000**	2015 HK$'000
Interest expenses incurred on bank borrowings	**132,881**	102,812
Less: interest capitalised on qualifying assets	**(78,528)**	(26,117)
Total	**54,353**	76,695

The interest rate applied in determining the amount of interest capitalised in 2016 was 3.64% (2015: 3.52%).

6. 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% (2015: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation, that range from 7% to 43.26% (2015: 7% to 43.26%) prevailing in the countries in which the profit is earned.

	2016	2015
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**32,421**	15,646
- Overseas taxation (Note (b))	**44,339**	46,747
- Adjustments in respect of prior years (Note (a), (b))	**(55,103)**	-
Total current tax	**21,657**	62,393
Deferred income tax	**5,387**	29,849
Income tax expense	**27,044**	92,242

Note:

(a) In January 2015, 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 for the year ended 31 December 2014. During the year ended 31 December 2015, the Group lodged an objection to these assessment notices. Based on the revised assessment notices received from the tax authority in May 2016, the deductibility of those items in respect of previous assessment years remained as not allowable but the corresponding income related to those items was also determined as not taxable. Subsequently in June 2016, the Group received a tax refund for the year of assessments from 2012/13 to 2013/14 of approximately HK$30 million. Accordingly, the Group has written back the additional tax provision of HK$41 million for the year of assessments from 2012/13 to 2015/16 which was previously made in accordance with the assessment orders received.

(b) The Group has been in dispute with the Indian tax authority ("IR") in respect of revenues earned from provision of satellite transponder capacity for a number of years. The Group was assessed to tax by the IR on revenues received for the provision of satellite transponder capacity from certain customers. Details of the dispute were set out in Note 31 to the annual financial statements for the year ended 31 December 2011.

In May 2012, the Finance Act was passed by the Indian Parliament and certain amendments were enacted with retrospective effect. Under the Indian Income Tax Act (as amended by the aforesaid Finance Act), revenues received from the provision of satellite transponder capacity to Indian resident customers or from certain non-resident Indian customers which carry on business in India or earn income from any source in India 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, the Group has recognised a provision for income tax in India since the financial year of 2012 reflecting an appropriate conservative view based on the historical information currently available, while defending the Group's position in the tax proceedings in the Indian courts.

6. Income tax expense (Continued)

Note(b) (Continued)

In January 2017, the Group filed an application under the Direct Tax Dispute Resolution Scheme, 2016 ("DRS 2016") to the IR for a settlement of the tax disputes in relation to assessment years from 1997/98 to 2012/13. The DRS 2016 was introduced by the Indian government to allow eligible tax payers to settle their tax disputes with the IR as a result of the retrospective amendments to the Income Tax Act in 2012, provided all the pending appeals/writs are withdrawn and then any interests and penalties on the overdue taxes shall be waived by the IR. In February 2017, the Group received a notification from the IR determining the tax demand payable for seeking final settlement for these 16 assessment years to be HK$193 million in Indian Rupee equivalent and the Group then made a payment of that amount.

Based on the settlement conclusion under the DRS 2016, the Group has recognised an additional provision of HK$2 million in the consolidated statement of comprehensive income for 2016 to reflect differences against the original estimates of the tax liabilities made in prior years. The final settlement paid after year end has cleared a substantial balance of the Indian income tax liability carried as at year end.

For the subsequent assessment years (i.e. assessment year 2013/14 and onwards), the Group may still contest the assessment orders of the IR, to the extent relevant.

Based on the latest assessment orders received from the IR and on the advice from the Group's advisers in India, the Group has made its best estimate to record a net provision of HK$14 million for the year ended 31 December 2016 (2015: HK$28 million).

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the profits tax rate of Hong Kong where the Group principally operates, as follows:

	2016	2015
	HK$'000	HK$'000
Profit before income tax	**456,978**	531,997
Tax calculated at tax rate of 16.5% (2015: 16.5%)	**75,401**	87,779
Tax effect of income not subject to income tax	**(103,348)**	(108,051)
Tax effect of expenses not deductible for tax purposes	**65,755**	65,767
Income tax in respect of overseas profits	**44,339**	46,747
Adjustments in respect of prior years	**(55,103)**	-
Tax charge	**27,044**	92,242

The effective tax rate of the Group was 5.9% (2015: 17.3%).

The lower effective tax rate for the year ended 31 December 2016 was mainly attributable to the adjustments made in respect of prior years as a result of resolving certain disputes with relevant tax authorities.

7. Earnings per share

Basic

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

	2016	2015
	HK$'000	HK$'000
Profit attributable to owners of the Company	**429,934**	439,755

	2016	2015
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,989**	390,978
Basic earnings per share (HK$)	**1.10**	1.12

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held under the share award scheme.

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Share Award Scheme

The Company has restricted shares under the Share Award Scheme which would have dilutive effects. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares for the year) 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.

Share options scheme

The Company has share options which would have dilutive effects. A calculation is done to determine the number of shares that could have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price of the Company's shares from the grant date to the end of the reporting period) for the same total proceeds as the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

7. Earnings per share (Continued)

	2016 HK$'000	2015 HK$'000
Profit attributable to owners of the Company	**429,934**	439,755

	2016	2015
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,989**	390,978
Effect of Award Shares (in thousands)	**987**	894
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	**391,976**	391,872
Diluted earnings per share (HK$)	**1.10**	1.12

The conversion of share options would have an anti-dilutive effect to the basic earnings per share during the year ended 31 December 2016.

8. Dividends

No dividends were paid in 2016. The dividends paid in 2015 were HK$4,873,859,000 (HK$12.46 per share). The Board recommends the payment of a final dividend of HK$0.20 per share (2015: HK$Nil). Such dividends are to be approved by the shareholders at the annual general meeting to be held on 14 June 2017. The Group's consolidated financial statements do not reflect these dividends payable.

	2016 HK$'000	2015 HK$'000
Interim dividend paid of HK$Nil (2015: HK$0.18) per ordinary share	**-**	70,415
Special interim dividend paid of HK$Nil (2015: HK$11.89) per ordinary share	**-**	4,651,314
Proposed final dividend of HK$0.20 (2015: HK$Nil) per ordinary share	**78,239**	-
	78,239	4,721,729

A detailed results announcement is available at AsiaSat's website (www.asiasat.com).

Notes to Editor

Asia Satellite Telecommunications Company Limited (AsiaSat), the leading satellite operator in Asia, serves over two-thirds of the world's population with its six satellites, AsiaSat 3S, AsiaSat 4, AsiaSat 5, AsiaSat 6, AsiaSat 7 and AsiaSat 8. The AsiaSat satellite fleet serves both the broadcast and telecommunications industries. 700 television and radio channels are now delivered by the company's satellites offering access to over 830 million TV households across the Asia-Pacific region. AsiaSat's next satellite, AsiaSat 9 is planned to be launched in late 2017. AsiaSat is a wholly-owned subsidiary of Asia Satellite Telecommunications Holdings Limited, a company listed on The Stock Exchange of Hong Kong Limited (Stock Code: 1135). For more information, please visit www.asia*sat.com*