ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

亞洲衛星控股有限公司 *

(Incorporated in Bermuda with limited liability)

Stock Code: 1135

Announcement of Unaudited Results for the Six Months Ended 30 June 2015

The Board of Directors is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Unaudited Six months ended 30 June 2015 HK$'000	2014 HK$'000
Revenue	4	**641,284**	693,564
Cost of services		**(274,952)**	(286,456)
Gross profit		**366,332**	407,108
Administrative expenses		**(71,249)**	(74,132)
Other gains - net		**17,561**	21,612
Operating profit	5	**312,644**	354,588
Finance expenses	6	**(13,285)**	(2,493)
Profit before income tax		**299,359**	352,095
Income tax expense	7	**(49,753)**	(68,740)
Profit and total comprehensive income for the period		**249,606**	283,355
Profit and total comprehensive income for the period attributable to:			
- Owners of the Company		**249,606**	283,414
- Non-controlling interests		**-**	(59)
		249,606	283,355
Earnings per share attributable to owners of the Company		**HK$ per share**	HK$ per share
Basic earnings per share	8	**0.64**	0.73
Diluted earnings per share	8	**0.64**	0.72
		HK$'000	HK$'000
Dividends	9	**4,721,729**	70,415

Note 1 to Note 11 form an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	**Unaudited 30 June 2015 HK$'000**	Audited 31 December 2014 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**18,659**	18,951
Property, plant and equipment		**6,929,310**	6,710,503
Unbilled receivables		**9,146**	7,668
Deposit	10	**2,616**	2,616
Total non-current assets		**6,959,731**	6,739,738
Current assets			
Trade and other receivables	10	**455,484**	460,515
Cash and bank balances		**3,336,204**	3,345,672
Total current assets		**3,791,688**	3,806,187
Total assets		**10,751,419**	10,545,925
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares		**39,120**	39,120
Reserves			
- Retained earnings		**2,481,849**	7,036,123
- Other reserves		**26,920**	30,998
		2,547,889	7,106,241
Non-controlling interests		**782**	782
Total equity		**2,548,671**	7,107,023
LIABILITIES			
Non-current liabilities			
Bank borrowings	11	**1,959,805**	1,929,333
Deferred income tax liabilities		**395,760**	397,035
Deferred revenue		**87,097**	93,914
Other amounts received in advance		**1,377**	1,377
Total non-current liabilities		**2,444,039**	2,421,659
Current liabilities			
Bank borrowings	11	**276,444**	254,039
Construction payables		**73,376**	101,693
Other payables and accrued expenses		**116,867**	109,932
Deferred revenue		**165,331**	193,399
Dividend payable		**4,803,880**	-
Current income tax liabilities		**322,811**	358,180
Total current liabilities		**5,758,709**	1,017,243
Total liabilities		**8,202,748**	3,438,902
Total equity and liabilities		**10,751,419**	10,545,925
Net (current liabilities)/current assets		**(1,967,021)**	2,788,944
Total assets less current liabilities		**4,992,710**	9,528,682

Note 1 to Note 11 form an integral part of this condensed consolidated interim financial information.

Notes

1. Independent review

The unaudited condensed consolidated interim financial information of the Company and its subsidiaries for the six months ended 30 June 2015 have been reviewed by the Company's independent auditor, PricewaterhouseCoopers, 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. The auditor's independent review report will be included in the Interim Report to shareholders.

2. Basis of preparation

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

As at 30 June 2015, the Group's current liabilities exceeded its current assets by approximately HK$1,967,021,000 (31 December 2014: net current assets of HK$2,788,944,000). The current liabilities mainly consisted of a dividend payable of HK$4,803,880,000 (31 December 2014: Nil) which was fully paid in July 2015 and funded by the Group's internal resources and available banking facilities (as detailed in Note 11). The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current resources and facilities. Based on these forecasts and projections, the directors have a reasonable expectation that the Group will have adequate resources to continue its operations and to meet its financial obligations as and when they fall due in the next twelve months from the date of this condensed consolidated interim financial information. The Group therefore continues to adopt the going concern basis in preparing its condensed consolidated interim financial information.

3. Accounting policies

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

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

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

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

HKFRSs (Amendments)	Improvements to HKFRSs 2014[1]
HKAS 1 (Amendment)	Presentation of Financial Statements[1]
HKAS 16 and HKAS 38 (Amendment)	Classification of Acceptable Methods of Depreciation and Amortisation[1]

Notes

HKAS 16 and HKAS 41 (Amendment)	Agriculture : Bearer Plants[1]
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements[1]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities[1]
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between Investor and its Associate or Joint Venture[1]
HKFRS 14	Regulatory Deferral Account[1]
HKFRS 15	Revenue from Contracts with Customers[2]
HKFRS 9	Financial Instruments[3]
HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations[1]

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

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

4. Revenue and segment information

a) Revenue

The Group's revenue is analysed as follows:

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

Notes

b) Segment information

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

Revenue reported in Note 4(a) above represented transactions with third parties and are reported to the President and Chief Executive Officer in a manner consistent with that in the condensed consolidated statement of comprehensive income.

The Group is domiciled in Hong Kong. Revenue from customers in Hong Kong and the Greater China region for the six months ended 30 June 2015 were HK$98,242,000 (six months ended 30 June 2014: HK$107,038,000) and HK$149,910,000 (six months ended 30 June 2014: HK$148,664,000) respectively, and the total revenue from customers in other countries were HK$393,132,000 (six months ended 30 June 2014: HK$437,862,000). For the purpose of classification, the geographical source of revenue is determined based on the place of incorporation of the customers instead of the footprint of the satellites of the Group which may involve transmission to multiple geographical areas under a single satellite transponder capacity arrangement.

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

Notes

5. Operating profit

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

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

6. Finance expenses

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

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

Notes

7. Income tax expense

A significant portion of the Group's profit is treated as earned outside Hong Kong and is not subject to Hong Kong profits tax. Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2014: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation, that range from 7% to 43.26% (six months ended 30 June 2014: 7% to 43.26%), in the countries where the profit is earned.

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

Note:

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

(b) The Group has been in dispute with the Indian tax authority ("IR") in respect of revenues earned from the provision of satellite transponder capacity. The Company has been assessed for tax by the IR on revenues received for the provision of satellite transponder capacity to certain customers for purposes of those customers carrying on business in India or earning income from sources in India. Details were set out in Note 31 to the annual financial statements for the year ended 31 December 2011 and Note 10 to the annual financial statements for the year ended 31 December 2014.

Notes

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

Based on the latest advice received by the Group from the Group's advisers in India, the Group has recorded a provision of approximately HK$16 million for the six months ended 30 June 2015 (six months ended 30 June 2014: approximately HK$34 million) reflecting an appropriately conservative view based on the historical information currently available. Management intends to rigorously defend the Group's position in this regard in the ongoing tax proceedings in the Indian Courts.

8. Earnings per share

Basic

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

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

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

Notes

Diluted

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

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

9. Dividends

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

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

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

Notes

10. Trade and other receivables

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

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

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

11. Bank borrowings

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

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

Notes

The above bank borrowings are denominated in United States Dollars and are secured by a charge on insurance claim proceeds relating to the AsiaSat 6 and AsiaSat 8 satellites. They are repayable semi-annually commencing from February 2015 with the final repayment in April 2023 and carry coupons of 2.65% per annum (31 December 2014: 2.65% per annum). The effective interest rate on the Group's bank borrowings was 3.52% per annum during the six months periods ended 30 June 2015 and 2014.

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

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

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

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

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

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

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

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

12. Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 30 June 2015, the Trust, which was set up to administer the Company's Share Award Scheme, purchased a total of 340,000 ordinary shares of HK$0.10 each of the Company at an average price of HK$28 per share on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The purchase involved a total cash outlay of HK$9,542,000. The aggregate price of the purchased shares was charged to equity as "Shares held under Share Award Scheme".

Save as disclosed above, neither the Company nor any of its subsidiary companies has purchased or sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

13. Corporate governance

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

Under Code Provision A.6.7 of the CG Code, all Non-executive Directors ("NEDs") and Independent Non-executive Directors ("INEDs") should attend general meetings of the Company and develop a balanced understanding of the views of shareholders. Mr. Luo Ning, being a NED of the Company, was unable to attend the annual general meeting of the Company held on 24 June 2015 ("2015 AGM") due to other business and personal commitments. Mr. Chong Chi Yeung, alternate director to Mr. Luo, attended the 2015 AGM in the place of Mr. Luo.

Regarding the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules, the Group has adopted procedures governing directors' securities transactions in compliance with the relevant code provisions.

14. Audit committee

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

The Committee has reviewed the accounting principles and practices adopted by the Group and the unaudited condensed consolidated interim financial information for the six months ended 30 June 2015 in conjunction with management and the independent auditors of the Company.

15. Charges on assets

Saved as disclosed in Note 11, there was no charge over the Group's assets.

16. Miscellaneous

The Directors are not aware of any material changes from the information published in the annual report for the year ended 31 December 2014, other than disclosed in this announcement.

17. Closure of register of members

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

Chairman's Statement

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

INTERIM RESULTS

Turnover

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

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

Contracts on Hand

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

Operating Expenses

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

Finance Expenses

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

Depreciation

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

Profit

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

Cash Flow

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

Dividend

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

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

CORPORATE DEVELOPMENT

Share purchase agreement

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

Board and Senior Management

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

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

Rebranding of AsiaSat

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

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

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

SATELLITES

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

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

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

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

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

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

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

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

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

New customers and renewals

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

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

MARKET REVIEW

The Market

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

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

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

Advancing technology

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

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

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

Industry Events

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

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

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

OUTLOOK

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

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

ACKNOWLEDGEMENTS

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

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

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

Gregory M. Zeluck
Chairman

27 August 2015

As at the date of this announcement, the Board comprises 11 directors. The Executive Director is Mr. William WADE. The Non-executive Directors are Mr. Gregory M. ZELUCK (Chairman), Mr. JU Wei Min (Deputy Chairman), Mr. LUO Ning, Mr. Peter JACKSON, Mr. Julius M. GENACHOWSKI and Mr. Alex S. YING. The Independent Non-executive Directors are Mr. James WATKINS, Mr. Stephen LEE Hoi Yin, Mr. Kenneth McKELVIE and Ms. Maura WONG Hung Hung. The Alternate Director is Mr. CHONG Chi Yeung (alternate to Mr. LUO Ning).

** For identification purpose only*