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 2012

The Board of Directors is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Unaudited Six months ended 30 June	
	Note	**2012 HK$'000**	2011 HK$'000
Continuing operations			
Sales	4	**1,094,610**	801,857
Cost of services		**(255,381)**	(249,102)
Gross profit		**839,229**	552,755
Other gains, net		**16,861**	27,756
Administrative expenses		**(105,021)**	(98,035)
Operating profit	5	**751,069**	482,476
Finance costs		**(3,321)**	(4,891)
Profit before income tax		**747,748**	477,585
Income tax expenses	7	**(352,645)**	(52,787)
Profit for the period from continuing operations		**395,103**	424,798
Discontinued operations			
Share of losses of a jointly controlled entity from discontinuing operations	6	**-**	(57,475)
Profit and total comprehensive income for the period		**395,103**	367,323
Profit and total comprehensive income attributable to:			
- Owners of the Company		**395,163**	367,380
- Non-controlling interests		**(60)**	(57)
		395,103	367,323
Earnings per share attributable to owners of the Company (expressed in HK$ per share)			
- Basic earnings per share	8	**1.01**	0.94
- Diluted earnings per share	8	**1.01**	0.94
		HK$'000	HK$'000
Interim dividend	9	**46,943**	31,296

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
	Note	**Unaudited 30 June 2012 HK$'000**	Audited 31 December 2011 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**20,408**	20,700
Property, plant and equipment		**5,325,793**	4,726,467
Intangible assets		**38,675**	38,675
Unbilled receivables		**79,683**	96,606
Amount paid to tax authority		**-**	37,704
Total non-current assets		**5,464,559**	4,920,152
Current assets			
Inventories		**5,956**	5,369
Trade and other receivables	10	**422,618**	368,618
Cash and cash equivalents		**2,340,493**	2,266,484
Total current assets		**2,769,067**	2,640,471
Total assets		**8,233,626**	7,560,623
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares		**39,120**	39,120
Reserves			
Retained earnings		**6,999,509**	6,604,346
Other reserves		**36,858**	32,260
		7,075,487	6,675,726
Non-controlling interests		**1,080**	1,140
Total equity		**7,076,567**	6,676,866
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**294,061**	287,596
Deferred revenue		**81,102**	90,011
Obligations under finance leases		**72**	-
Other amounts received in advance		**1,377**	37,264
Other payables		**2,150**	2,150
Total non-current liabilities		**378,762**	417,021
Current liabilities			
Construction payables		**150,173**	36,064
Other payables and accrued expenses		**103,121**	100,506
Deferred revenue		**206,151**	232,927
Current income tax liabilities		**318,731**	97,118
Dividend payable		**121**	121
Total current liabilities		**778,297**	466,736
Total liabilities		**1,157,059**	883,757
Total equity and liabilities		**8,233,626**	7,560,623
Net current assets		**1,990,770**	2,173,735
Total assets less current liabilities		**7,455,329**	7,093,887

Notes

1. Independent review

The unaudited condensed consolidated accounts of the Company and its subsidiary companies for the six months ended 30 June 2012 have been reviewed by the Company's 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 2012 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 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, 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.

The following amendments to standards are mandatory for the first time for the financial year beginning 1 January 2012 are as follows:

HKAS 12 (Amendment)	Deferred Tax : Recovery of Underlying Assets
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets

The adoption of these amendments to standards did not result in any substantial changes to the accounting policies and financial statements of the Group.

Notes

3. Accounting policies (continued)

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of Financial Statements[1]
HKAS 19 (Amendment)	Employee Benefits[1]
HKAS 27 (revised 2011)	Separate Financial Statements[1]
HKAS 28 (revised 2011)	Associates and Joint Ventures[1]
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine[1]
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurements[1]
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures[3]
HKFRSs (Amendments)	Improvements to HKFRSs 2011[1]

1 Effective for the Group for annual periods beginning on or after 1 January 2013
2 Effective for the Group for annual periods beginning on or after 1 January 2014
3 Effective for the Group for annual periods beginning on or after 1 January 2015

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. Sales and segment information

a) Sales

The Group's sales are analysed as follows:

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Income from provision of satellite transponder capacity (Note)	948,816	666,046
Sales of satellite transponder capacity	8,909	8,909
Income from provision of broadband access services and sale of equipment	124,522	118,317
Other revenue	12,363	8,585
	1,094,610	801,857

Notes

4. Sales and segment information (continued)

a) Sales (continued)

Note:

For the six months ended 30 June 2012, a total amount of HK$295,668,000 (for the six months ended 30 June 2011: Nil) was recorded as the additional revenue from certain customers following the enactment of the Finance Act in India in 2012, which imposes tax on the Group for certain Indian sourced revenues.

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. Management assesses the performance based on a measure of profit after taxation of the following businesses:

- operation, maintenance and provision of satellite telecommunication systems for broadcasting and telecommunication;
- provision of broadband access services; and
- provision of Direct-to-Home satellite television service through the jointly controlled entity (no further losses were shared during the period and the investments were fully impaired as at 31 December 2011. On 29 June 2012, the Group had disposed of the entire investments and this segment is classified as "discontinued". Refer to Note 6 for details.).

Sales between segments are carried out at arm's length in a manner similar to transactions with third parties. The revenue from external parties reported to the President and Chief Executive Officer is measured in a manner consistent with the condensed consolidated statement of comprehensive income.

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.

Notes

4. Sales and segment information (continued)

b) Segment information (continued)

An analysis of the Group's reportable segments is as follows:

	Six months ended 30 June 2012				
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK$'000	**Broadband access services HK$'000**	**Direct-to-Home satellite television service (discontinued) HK$'000**	**Inter-segment elimination HK$'000**	**Consolidated HK$'000**
Sales to external customers	856,274	124,522	-	-	980,796
Sales to related parties	101,451	-	-	-	101,451
Inter-segment sales	51,286	404	-	(51,690)	-
Other revenue	13,444	-	-	(1,081)	12,363
Total	1,022,455	124,926	-	(52,771)	1,094,610
Operating profit	740,676	10,393	-	-	751,069
Finance costs	(3,318)	(3)	-	-	(3,321)
Profit before income tax	737,358	10,390	-	-	747,748
Income tax expense	(352,645)	-	-	-	(352,645)
Profit for the period	384,713	10,390	-	-	395,103
Depreciation	172,049	6,585	-	-	178,634
Interest income	16,714	-	-	-	16,714
Capital expenditure	768,062	10,698	-	-	778,760
At 30 June 2012					
Total assets	8,108,816	142,254	-	(17,444)	8,233,626
Total liabilities	1,121,196	53,307	-	(17,444)	1,157,059

Notes

4. Sales and segment information (continued)

b) Segment information (continued)

	Six months ended 30 June 2011				
	Provision of satellite telecommunication systems for broadcasting and telecommunication HK$'000	Broadband access services HK$'000	Direct-to-Home satellite television service (discontinued) HK$'000	Inter-segment elimination HK$'000	Consolidated HK$'000
Sales to external customers	567,220	118,317	-	-	685,537
Sales to related parties	107,735	-	-	-	107,735
Inter-segment sales	49,624	404	-	(50,028)	-
Other revenue	9,987	-	-	(1,402)	8,585
Total	734,566	118,721	-	(51,430)	801,857
Operating profit	473,578	8,898	-	-	482,476
Finance costs	(4,886)	(5)	-	-	(4,891)
Share of losses of a jointly controlled entity	-	-	(57,475)	-	(57,475)
Profit/(loss) before income tax	468,692	8,893	(57,475)	-	420,110
Income tax expense	(52,787)	-	-	-	(52,787)
Profit/(loss) for the period	415,905	8,893	(57,475)	-	367,323
Depreciation	166,755	5,655	-	-	172,410
Interest income	27,759	-	-	-	27,759
Capital expenditure	256,259	8,260	-	-	264,519
At 30 June 2011					
Interest in a jointly controlled entity	-	-	75,405	-	75,405
Total assets	7,008,274	107,668	75,405	(17,928)	7,173,419
Total liabilities	903,264	46,640	-	(17,928)	931,976
At 31 December 2011					
Total assets	7,453,303	122,498	-	(15,178)	7,560,623
Total liabilities	854,995	43,940	-	(15,178)	883,757

Notes

4. Sales and segment information (continued)

b) Segment information (continued)

The Group is domiciled in Hong Kong. The sales to customers in Greater China (including Hong Kong) for the six months ended 30 June 2012 are HK$427,826,000 (for the six months ended 30 June 2011: HK$225,600,000), and the total sales to customers in other countries is HK$666,784,000 (for the six months ended 30 June 2011: HK$576,257,000).

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.

5. Operating profit

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

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Interest income	16,714	27,759
Net gain/(loss) on disposals of property, plant and equipment other than transponders	147	(3)
Other gains, net	16,861	27,756
Salary and other benefits, including directors' remuneration	77,715	72,621
Share-based payment	4,598	5,159
Pension costs – defined contribution plans	5,817	3,706
Total staff costs	88,130	81,486
Auditors' remuneration	790	794
Provision for impairment for trade receivables	8,620	8,756
Depreciation		
- Property, plant and equipment	178,634	172,410
Operating leases		
- Premises	5,821	5,163
- Leasehold land and land use rights	292	291
Net exchange gain	(1,265)	(499)

Notes

6. Discontinued operations - Share of losses of a jointly controlled entity

On 29 June 2012, the Group completed the disposal of its entire interest in a jointly controlled entity, DISH-HD Asia Satellite Limited and its subsidiaries ("DISH-HD Asia Satellite"), to an independent third party. The results of DISH-HD Asia Satellite are presented in this condensed consolidated interim financial information as a discontinued operation. Comparative figures have been restated.

The interest in the jointly controlled entity was fully impaired as at 31 December 2011. For the period ended 30 June 2012, the Group did not take up any additional share of losses of DISH-HD Asia Satellite (2011: HK$57,475,000 including a provision for impairment of the jointly controlled entity's assets of HK$23,400,000) as the accumulated share of losses has exceeded the Group's interest in the jointly controlled entity and the Group does not have an obligation to fund further losses. The disposal did not result in any gain or loss.

7. Income tax expenses

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% (2011: 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 42.23% (2011: 7% to 42.23%), prevailing in the countries the profit is earned.

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	29,647	42,227
- Overseas taxation	316,533	13,050
Deferred income tax	6,465	(2,490)
	352,645	52,787

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 is therefore the exact tax consequences are still uncertain.

Notes

7. Income tax expenses (continued)

Based on the latest advice received by the Group from the Group's advisers in India, the Group has recorded a provision of HK$382 million as of 30 June 2012 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.

The Group has certain overseas tax provisions made in prior years in relation to its withholding obligations. Management considers the likelihood for certain part of these liabilities are remote and therefore a reversal of HK$73 million has been made during the current period.

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	
	2012	2011
	HK$'000	HK$'000
Profit attributable to owners of the Company	395,163	367,380
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	391,176	390,115
Basic earnings per share (HK$ per share)	1.01	0.94

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

Notes

8. 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. This calculation is 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 be in issue the restricted shares were fully vested.

	Six months ended 30 June	
	2012	2011
	HK$'000	HK$'000
Profit attributable to owners of the Company	395,163	367,380
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	391,176	390,115
Effect of unvested awarded shares (in thousands)	1,272	1,457
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	392,448	391,572
Diluted earnings per share (HK$ per share)	1.01	0.94

9. Dividend

The Directors declared an interim dividend of HK$0.12 per share (2011: HK$0.08 per share) for the six months period ended 30 June 2012 payable to shareholders whose names appear in the Company's Register of Members on 9 October 2012. The dividend will be payable on or around 2 November 2012.

Notes

10. Trade and other receivables

	30 June 2012 **HK$'000**	31 December 2011 HK$'000
Trade receivables	324,640	264,453
Trade receivables from related parties	88,804	90,618
Less: provision for impairment of trade receivables	(50,110)	(63,046)
Trade receivables – net	363,334	292,025
Other receivables	37,575	40,030
Other receivables from related parties	3,499	4,604
Deposits and prepayments	18,210	31,959
	422,618	368,618

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 2012 **HK$'000**	31 December 2011 HK$'000
0 to 30 days	248,450	109,890
31 to 60 days	36,230	38,616
61 to 90 days	17,099	18,961
91 to 180 days	33,244	74,874
181 days or above	28,311	49,684
	363,334	292,025

Notes

11. Purchase, sale or redemption of own securities

During the six months ended 30 June 2012, neither the Company nor any of its subsidiaries, including the Trust which was set up to administer the Company's Share Award Scheme, purchased, sold or redeemed any of the Company's listed securities.

12. Corporate governance

On 1 April 2012, the Code on Corporate Governance Practices ("Former CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange Limited (the "Listing Rules") was amended and renamed as Corporate Governance Code and Corporate Governance Report ("New CG Code"). During the relevant periods for the first half of the year 2012, the Company fully complied with the Code Provisions in the Former CG Code and New CG Code, save for the following:

(i) For the period from 1 January 2012 to 31 March 2012:

Deviation from the Former CG Code

- Deviation from Code Provision B.1.1

(ii) For the period from 1 April 2012 to 30 June 2012:

Deviation from the New CG Code

- Deviation from Code Provision A.5.1
- Deviation from Code Provision A.6.7
- Deviation from Code Provision E.1.2

Under Code Provision B.1.1 of the Former CG Code, a majority of the members of the Remuneration Committee ("RC") should be INEDs. During the period from 1 January 2012 to 31 March 2012, the RC of the Company was composed of three members, of whom one is an INED who also chairs the RC, while the other two are NEDs.

The Company considers that it is logical and more efficient to have a small RC as it allows open, frank and very focused discussions. Strict compliance with Former CG Code would have the RC consist of at least five members, implying that all the INEDs would have to participate in the RC so as to maintain the balance of input from the major shareholders' representatives. Notwithstanding the foregoing, as such requirement under the Former CG Code has now become a rule under Rule 3.25 of the Listing Rules, and the Company has changed the composition of the RC to comply with such requirement.

Under Code Provision A.5.1 of the New CG Code, the Nomination Committee ("NC") should be chaired by the Chairman of the board or an INED and comprise a majority of INEDs. The NC is currently composed of three members, of whom one is an INED who also chairs the NC, while the other two are NEDs.

12. Corporate governance (continued)

The Company considers that it is logical and more efficient to have a small NC as it allows open, frank and very focused discussions. Strict compliance with the New CG Code would have the NC consist of at least five members, implying that all the INEDs would have to participate in the NC so as to maintain the balance of input from the major shareholders' representatives.

Under Code Provision A.6.7 of the New CG Code, NEDs and INEDs should attend general meetings of the Company. All the NEDs of the Company were absent from the annual general meeting of the Company held on 26 June 2012 ("**2012 AGM**"), and the court meeting of the Company held on 18 July 2012 ("**Court Meeting**") due to prior business engagement, except that Mr. Peter Jackson attended the Court Meeting, and Mr. Chong Chi Yeung (the alternate director to Mr. Mi Zeng Xin) attended the 2012 AGM and the Court Meeting.

Under Code Provision E.1.2 of the New CG Code, the chairman of the Board should attend the annual general meeting of the Company. As mentioned above, Mr. Ju Wei Min, the chairman of the Board of the Company, was engaged in pressing business overseas. Mr. William Wade, President and Chief Executive Officer ("CEO") of the Company, was appointed as the Chairman of the 2012 AGM to answer and address questions raised by shareholders at the 2012 AGM.

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 full compliance of the relevant code provisions.

13. Audit committee

The Audit Committee consists of five members, three 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 2012 in conjunction with the management and external auditors of the Company.

14. Charges on assets

The Group did not have any charges on assets as at 30 June 2012 and 31 December 2011.

Notes

15. Publication of detailed results, announcement on the exchange's website

This interim results announcement containing all the information required by paragraphs 46 of Appendix 16 of the Listing Rules has been published on the Exchange's website (www.hkex.com.hk) and the Company's website (www.asiasat.com). The 2012 interim report will be despatched to the shareholders and available on the same websites on or before 30 September 2012.

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 2011, other than disclosed in this announcement.

17. Closure of register of members

The Register of equity holders of the Company will be closed from 3 to 9 October 2012 (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 28 September 2012. The interim dividend will be paid on or about 2 November 2012.

Chairman's Statement

STEADY PERFORMANCE DESPITE GLOBAL ECONOMIC UNCERTAINTY

Strong first half result

Asia Satellite Telecommunications Company Limited ("AsiaSat") has been providing premium satellite services since 1990 to more than two-thirds of the world's population stretching across the Asia region from Australasia to the Middle East and Russia.

With our reputation as a pioneer in satellite communications, AsiaSat continues to be a trusted partner of leading broadcasting and telecommunications enterprises and governments around the world.

During the review period, AsiaSat achieved new business which helped compensate for the loss of the revenue contribution from the now retired satellite (AsiaSat 2) during the same period in 2011.

INTERIM RESULTS

Turnover

Turnover for the first half of 2012 was HK$1,095 million (2011: HK$802 million), representing an increase of 37% over the same period last year. This increase was primarily the result of a one-off revenue contribution from customers of HK$296 million (2011: Nil) resulting from the enactment of the Finance Act in India in 2012, which imposes tax on the Group for certain Indian sourced revenues. By excluding this one-off item, the turnover was similar to that of the same period in 2011. Our subsidiary, SpeedCast Holdings Limited ("SpeedCast"), reported first-half revenue of HK$124 million (2011: HK$118 million), an increase of 5% compared with the corresponding period in 2011 due to steady growth from customers in the broadband and maritime sectors.

Operating expenses

Operating expenses in the first half of 2012, excluding depreciation, totalled HK$182 million (2011: HK$175 million), representing an increase of 4% compared with the first half of 2011. This was mainly the result of the increase in professional fees associated with the privatisation exercise.

Profit

Profit attributable to equity holders for the first half of 2012 was HK$395 million (2011: HK$367 million), an increase of 8% over the same period last year. In the first half of 2011, the Group shared a loss of HK$57 million by DISH-HD Asia Satellite, the jointly controlled entity, which was disposed of in December 2011 and the transaction was completed in June 2012. The Group had no such expense in the current period under review. However, profit was affected by tax provisions made for Indian tax reflecting the impact of the adoption of the new Finance Act in India, which was enacted with retrospect effect in May 2012. There was consequently an adverse effect on our profit, as the Company had to record a provision against potential Indian income tax for Indian sourced revenues for services rendered in the past.

Cash flow

For the six months to 30 June 2012, the Group generated a net cash inflow of HK$74 million (2011: HK$97 million) after capital expenditure of HK$664 million (2011: HK$267 million) and no payment of dividends (2011: HK$176 million). As of 30 June 2012, the Group reported a cash and cash equivalents balance of HK$2,340 million (31 December 2011: HK$2,266 million). The Group continues to be free of debt.

Dividend

The Board has decided to declare an interim dividend of HK$0.12 per share (2011: HK$0.08 per share), which will become payable on or about 2 November 2012 to equity holders on the share register as at 9 October 2012. The share register will be closed from 3 to 9 October 2012.

CORPORATE DEVELOPMENT

Board and senior management

During the period under review, there was no change in the composition of the Board of Directors or the senior management of the Company.

Failure of the privatisation proposal

On 18 July 2012, the proposal by Asia Satellite Management Stock Ownership Trust ("MSOT") and AsiaSat MSOT ("PTC") Limited (acting in its capacity as trustee of MSOT) and Asia Satellite Telecommunications Holdings Limited was not approved by those independent shareholders. Although we believe that privatisation would have been advantageous to the Company, the failure of the proposal will not carry any negative repercussions on our business. It also reflects the continuing confidence of shareholders in the Company's future growth prospects.

SATELLITES

Our fleet

AsiaSat currently owns four in-orbit satellites - AsiaSat 3S, AsiaSat 4, AsiaSat 5 and AsiaSat 7 - that provide access to information and communication channels for billions of people across the Asia-Pacific region. AsiaSat 2 was retired from service after the reporting date.

Following its launch in November last year, AsiaSat 7 completed in-orbit testing in January 2012. In the near term we are looking at opportunities to temporarily use this new satellite to develop new markets before it eventually replaces AsiaSat 3S in 2014.

Currently under construction, AsiaSat 6 and AsiaSat 8 are scheduled for launch in the first half of 2014 and will bring additional capacity to our fleet once in operation.

UTILISATION AND NEW CONTRACTS

The total number of transponders leased or sold as of 30 June 2012 decreased to 102 from 108 as at 31 December 2011, primarily due to the early termination of a contract with a customer. Correspondingly, the overall utilisation rate for the period as of 30 June 2012 was 78%, compared with 82% as at 31 December 2011.

New contracts won during the period under review amounted to a total value of HK$91 million (2011: HK$367 million), while renewed contracts were worth HK$1,397 million (2011: HK$313 million), which were mainly from a renewal with a major customer during the period. Combined new and renewed contracts amounted to HK$1,488 million (2011: HK$680 million).

MARKET REVIEW

While the United States and Europe struggled under adverse economic conditions, continued investment by operators in Asia Pacific fuelled demand for direct-to-home ("DTH") services and telecommunications applications such as data distribution and private networks. Demand for these services, together with trends towards localised content and video formats with higher picture resolution such as HDTV and 3DTV, created requirements for new capacity, which AsiaSat as the pioneer in Asian satellite services is well positioned to serve.

AsiaSat 7, a new addition to the AsiaSat fleet, allows us to explore near-term business growth opportunities before replacing AsiaSat 3S in 2014.

AsiaSat 6 and AsiaSat 8 are wholly new satellites that offer scope for expansion once they come on stream. AsiaSat 6 will have 28 high-powered C-band transponders while AsiaSat 8 will have 24 Ku-band transponders and a Ka-band beam. The two SS/L 1300 satellites will offer exceptional power and additional beam coverage for services across Asia, the Middle East and Australasia.

For AsiaSat 6, we have signed a unique arrangement with Thaicom Public Company Limited ("Thaicom") that enables us to share certain frequencies in the 120^{o}E orbital slot and develop a market at this location.

AsiaSat 8, which will be co-located with AsiaSat 5, will provide additional Ku-band capacity for services including DTH television, private networks and data distribution.

Launch contracts

During the review period, AsiaSat signed agreements with two companies for the launch of AsiaSat's future satellites - AsiaSat 6, AsiaSat 8 and the yet to be contracted AsiaSat 9.

On 8 February 2012, an agreement was signed with Space Exploration Technologies ("SpaceX") to launch two AsiaSat communications satellites using SpaceX's Falcon 9 rocket from its launch complex at Cape Canaveral Air Force Station in Florida, USA.

On 22 June 2012, AsiaSat also signed a contract with International Launch Services ("ILS") that can be used as the launch service for any of our three upcoming satellites.

TAI PO EARTH STATION EXPANSION

Expansion of the Tai Po Earth Station in Hong Kong

During the first half of 2012, we completed the expansion of the Tai Po Earth Station in Hong Kong. Besides supporting the Telemetry, Tracking and Control (TT&C) activities of AsiaSat's satellite fleet, it also provides value added services such as C-band and Ku-band traffic uplink, shared hub services, MCPC (Multiple Channels per Carrier) distribution platforms, equipment hosting and backup services to customers.

The Earth Station expansion allows us to remain competitive in an industry that increasingly demands such value added services and complements our existing core business of transponder capacity leasing.

BUSINESS DEVELOPMENT

SpeedCast

SpeedCast is a wholly-owned AsiaSat subsidiary and provider of network services to organisations mainly in the maritime, mobile communications, banking, oil and gas industries. During the period, SpeedCast generated turnover of HK$124 million (2011: HK$118 million), an increase of 5% compared with the first half of last year. Net profit was HK$10 million (2011: HK$9 million).

At the end of the review period, we were engaged in discussions for disposing of the Company’s interest in this business. Since SpeedCast is not one of our core businesses, we believe that it would be in a better position to achieve its full potential under different ownership. As of 30 June 2012, no terms for disposal had been finalised and such possible disposal may or may not materialise.

DISH-HD Asia Satellite

As described in our 2011 annual report, AsiaSat had agreed to dispose of its stake in DISH-HD Asia Satellite, a joint venture between AsiaSat and EchoStar Corporation for the provision of DTH services. In June 2012, the Office of the Communications Authority approved the disposal arrangement. However, AsiaSat continues to provide satellite capacity and support services for DISH-HD Asia Satellite’s ongoing operations.

INDIAN FINANCE ACT

In our 2011 annual report, we mentioned a new Finance Bill that had been proposed in India and which could have unfavourable consequences for the Group's current tax proceedings in the Indian Courts. This bill was passed by the Indian Parliament in May of this year.

Under the Indian Income Tax Act (as amended by the Finance Act), revenues received from the provision of satellite transponder capacity in India or income earned from any source in India will be charged tax in India. The portion of revenue earned by the Group that would be deemed to be Indian sourced is yet to be decided by the Indian Courts and is therefore still uncertain.

OUTLOOK

During the first half of the year, the Asia-Pacific region was largely able to weather the economic storms currently being felt in Europe and the United States. In the second half of 2012, there is the possibility that we may begin seeing signs of slower growth, especially given the nature of our industry which tends to lag economic trends, both negative and positive.

Nevertheless, we remain confident in our ability to deliver sustainable growth based on our reputation for providing highly reliable satellite services and technical excellence as well as our commitment to serving our customers in a professional and responsive manner.

ACKNOWLEDGMENTS

In a global environment of economic uncertainty, AsiaSat managed to achieve revenue and profit growth during the first half of 2012. This would not have been possible without the contributions of our management team and staff or the guidance of the Board of Directors. To all of you, I extend my heartfelt appreciation. I would also like to take this opportunity to thank our customers, suppliers and equity holders for their continuing support of and confidence in our Company.

JU Wei Min
Chairman

23 August 2012

As at the date of this announcement, the Board comprises 12 directors. The Executive Director is Mr. William WADE. The Non-executive Directors are Mr. JU Wei Min (Chairman), Mr. Sherwood P. DODGE (Deputy Chairman), Mr. MI Zeng Xin, Mr. LUO Ning, Mr. Peter JACKSON, Mr. John F. CONNELLY, Ms. Nancy KU and Mr. Mark CHEN. The Independent Non-executive Directors are Professor Edward CHEN, Mr. Robert SZE and Mr. James WATKINS. The Alternate Director is Mr. CHONG Chi Yeung (alternate to Mr. MI Zeng Xin).

** For identification purpose only*