MEDIA RELEASE

AsiaSat Reports Full Year 2014 Results

Hong Kong, 26 March 2015 -- Asia Satellite Telecommunications Holdings Limited ('AsiaSat' – SEHK: 1135), Asia's leading satellite operator, today announced its 2014 annual results for the year ended 31 December 2014.

A YEAR OF TRANSITION AND CHALLENGE

Financial Highlights:

- 2014 turnover of HK$1,365 million, down 9% from the previous year primarily due to the full-year impact from a renewal and extension in 2013 of agreements with a major customer at reduced rates
- Combined new and renewed contracts during the year valued at HK$932 million despite challenging market environment
- 2014 profit attributable to owners of the Company of HK$559 million, compared to HK$748 million in 2013. The decline was due to the lower turnover, higher depreciation and higher operating expenses
- Proposed final dividend of HK$0.39 per share, together with the interim dividend of HK$0.18 per share, gives a total 2014 dividend of HK$0.57 per share

Operational Highlights:

- The addition of two new satellites AsiaSat 6 and AsiaSat 8 brings new C and Ku-band capacity for business growth
- AsiaSat 7, AsiaSat 3S's replacement, commenced full operation in April 2014 with enhanced power and coverage
- AsiaSat 9, AsiaSat 4's replacement, commenced construction and on track for completion in late 2016 or early 2017
- Overall utilisation rate of AsiaSat 4, AsiaSat 5 and AsiaSat 7 stood at 75% as at 31 December 2014, compared to 74% during end-December 2013
- The announcement of new shareholders, Carlyle Asia Partners IV soon to come onboard
- Rebrand roll-out in Q1 2015 to re-energise AsiaSat brand and build a stronger connection with its clients and partners

AsiaSat's Chairman, Sherwood P. Dodge, said, "2014 was a year of transition for AsiaSat. The challenges we faced in a competitive market will continue into 2015. With the launches of AsiaSat 6 and AsiaSat 8 in 2014, we expanded our geographic reach and our product offerings. These enhancements will enable us to better serve our key markets of South Asia and China."

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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 2014

Chairman's Statement

A YEAR OF TRANSITION AND CHALLENGE

2014 was a year of transition for AsiaSat. We launched two new satellites, AsiaSat 6 and AsiaSat 8, which increased our fleet from four to six and our transponder capacity by 22%. These satellites support our strategy by adding high power C and Ku-band capacity in the key growth markets of South Asia and China and enhancing our ability to address new technologies and applications. We look forward to receiving the required licences and putting them into service in 2015. Highlights of the year included our support of major sporting events, ranging from the Winter Olympics in Sochi to the FIFA World Cup in Brazil, as well as the role we played as a key member of an Asian satellite industry group preparing for the World Radiocommunication Conference to be held this year.

It was also a challenging year, in which we contended with an increasingly competitive market and deferred revenues resulting from the delays in the launches of AsiaSat 6 and AsiaSat 8.

Challenges for the Industry

In 2014, the world economy remained sluggish across many of our markets and government support for telecommunications and broadcasting projects weakened, particularly in the Middle East. In addition, the surplus capacity created by increased supply and government cutbacks caused prices to soften in most of the major markets we serve.

FINANCIAL PERFORMANCE

Turnover

Turnover for 2014 was HK$1,365 million (2013: HK$1,499 million), representing a decrease of 9% from the previous year. As described in the interim report, the decline was mainly due to a renewal and extension in 2013 of agreements with a major customer which resulted in a significant reduction in rates with the full-year impact not being felt until 2014, as well as the termination of several contracts associated with the reduction in U.S. military activity in the Middle East. In addition, the short-term revenue generated by AsiaSat 7 prior to its replacing AsiaSat 3S was substantially less in 2014 than in 2013.

Operating Expenses

Operating expenses in 2014, excluding depreciation, totalled HK$260 million (2013: HK$191 million), representing an increase of 36% compared with the previous year. The increase was mainly the result of an exchange loss arising from conversion of Renminbi compared with a conversion gain in the previous year, a larger impairment charge on trade debtors and higher professional fees incurred during the year. Excluding these three factors, operating expenses increased by approximately 5% as compared to 2013.

Finance Expenses

Finance expenses from the Ex-Im bank loans incurred from March 2014 amounted to HK$50 million (2013: Nil), of which HK$47 million (2013: Nil) was capitalised as part of the cost of AsiaSat 6 and AsiaSat 8.

Depreciation

Depreciation was HK$467 million (2013: HK$437 million), representing an increase of HK$30 million mainly resulting from the full year depreciation of AsiaSat 7 during 2014.

Profit

Profit attributable to owners of the Company for 2014 was HK$559 million (2013: HK$748 million), a decrease of HK$189 million. The decline was due to the lower turnover, higher depreciation and higher operating expenses mentioned above.

Cash Flow

The Group generated a net cash inflow, including the movement in short-term bank deposits with maturities over three months, of HK$1,849 million in 2014 (2013: outflow of HK$623 million). The most significant elements of the 2014 cashflow were the proceeds of drawdowns of the Ex-Im bank loans totalling HK$2,173 million (2013: Nil), net cash from operations of HK$1,012 million (2013: HK$1,203 million), reimbursement from Thaicom for their share of capacity of AsiaSat 6 of HK$636 million (2013: Nil), capital expenditures of HK$1,024 million (2013: HK$1,074 million) and dividends of HK$969 million (2013: HK$750 million). As at 31 December 2014, the Group had cash and bank balances of HK$3,346 million (31 December 2013: HK$1,501 million). With the cash and bank balances exceeding the bank borrowings, the Group had a net cash position of HK$1,163 million as at 31 December 2014 (31 December 2013: HK$1,501 million).

Dividends

For the year 2014 the Board will recommend a final dividend of HK$0.39 per share (2013: a final dividend of HK$0.80 per share and a special dividend of HK$1.50 per share) in the forthcoming Annual General Meeting to be held on 24 June 2015. This, together with the interim dividend of HK$0.18 per share (2013: HK$0.12 per share), gives a total 2014 dividend of HK$0.57 per share (2013: HK$2.42 per share) for the year ended 31 December 2014.

Core Business Performance

New contracts won during the year amounted to a total value of HK$357 million (2013: HK$617 million). The decline in new contracts was the result of intense competition and our lack of capacity in relation to some customer requirements. Renewed contracts were HK$575 million (2013: HK$658 million). Combined new and renewed contracts amounted to HK$932 million (2013: HK$1,275 million).

POSSIBLE NEW LOANS FOR A SPECIAL INTERIM DIVIDEND

On 23 December 2014, it was announced that a fund managed by Carlyle Asia Partners IV (Carlyle) would acquire General Electric’s (GE) stake in the Company.

As mentioned in the joint announcement, subject to the approval of the Board in due course, the Company will pay a special interim dividend out of the Company's retained reserves not to exceed US$600 million or HK$11.89 per share to the shareholders following the completion of this acquisition. It is proposed that the Company enters into a dividend facility with a syndication of banks for an amount of not to exceed US$240 million to fund a portion of this special interim dividend.

SATELLITES

AsiaSat's fleet of satellites continued to perform well throughout the year.

With the launches of two new satellites in 2014, the Company's existing fleet of in-orbit satellites now stands at six — AsiaSat 3S, AsiaSat 4, AsiaSat 5, AsiaSat 6, AsiaSat 7 and AsiaSat 8. AsiaSat 6 and AsiaSat 8 have not been commissioned for service as appropriate licences have not been issued for their intended operations.

Customers of AsiaSat 3S were successfully transferred at the end of March 2014 to AsiaSat 7 at the orbital location of 105.5 degrees East. Having reached the end of its scheduled life, AsiaSat 3S has the potential to last another six to seven years in inclined orbit, providing continued but limited service.

AsiaSat 5 continued to be the preferred distribution platform for sporting events such as the Winter Olympics in Sochi and the Asian Games in Incheon, Korea, the Nanjing Youth Olympic Games, the Australian Open tennis tournament and the 2014 FIFA World Cup in Brazil. For this latter event, we brought football fans in Asia the first-ever live telecast of this sporting event in 4K or Ultra High Definition Television (UHDTV) along with full High Definition Television (HDTV) coverage of all 64 World Cup matches.

Although the launches of AsiaSat 6 and AsiaSat 8 were delayed, both satellites were successfully put into orbit on 7 September and 5 August 2014 respectively. These new satellites will provide additional C and Ku-band capacity enabling us to better serve existing markets in China and South Asia, and will offer opportunities for growth in new markets.

AsiaSat 6 has new 28 C-band transponders at a new orbital location of 120 degrees East. In December 2011, we concluded an agreement with Thaicom Public Company Limited (Thaicom) of Thailand, which will take up 50% of the capacity of this satellite. The primary use of the remaining 14 C-band transponders will be to service the requirements of the China market.

AsiaSat 8 offers 24 additional Ku-band transponders at 105.5 degrees East and is collocated with AsiaSat 7. AsiaSat 8 is designed to provide high-powered capacity for services in China, India, the Middle East and Southeast Asia, and will address the market demand for DTH, as well as distance learning and medicine, in-flight internet connectivity, mobile broadband access and maritime communications.

AsiaSat 9 remained on track for completion by late 2016 or early 2017. It will replace AsiaSat 4 at 122 degrees East, where it will serve existing customers whilst increasing capacity at that orbital slot. The additional Ku-band transponders on this satellite will enable us to serve markets in China, Australia, Mongolia and Indonesia.

The total number of transponders leased or sold as at 31 December 2014 increased to 100 from 97 as at 31 December 2013. The overall utilisation rate for the year increased to 75% as at 31 December 2014 (2013: 74%). The utilisation rate excludes AsiaSat 6 and AsiaSat 8 which are not yet in service.

New Customers

During the year, AsiaSat secured a number of new customers which broadcast sporting events, deliver multiple radio channels and offer television services in various languages to a region which stretches from the Middle East to Australasia. We were also able to secure contracts with Chinese customers in 2014 including telecom operators, VSAT service providers, public utilities, oil and gas companies, securities and finance firms and government agencies.

MARKET REVIEW

The Regulatory Perspective

We operate in multiple countries and markets across the region. In some markets, we face challenges from the national satellite operators who benefit from their domestic telecom and tax regulations. These regulations create competitive headwinds. However regulations are improving in some countries and licences for new television and telecommunications applications are being issued.

The Technology Perspective

AsiaSat is well placed to benefit from the continuing advancement in satellite technology. HDTV usage continues to grow in the more affluent markets of Asia. Our fleet of satellites offers high power Ku-band coverage over key television markets, enabling us to meet the increasing demand for HDTV services across the region.

4K, or UHDTV, is another promising new technology. We believe 4K will come to Asia over the next three to four years, driven mainly by advances in television, cameras and other consumer electronic hardware.

Users are viewing and downloading more high quality video content and more bandwidth applications are emerging requiring higher throughput and faster speeds. Consequently, we are experiencing a growing need for satellites to provide increased bandwidth. One solution for addressing this need is the deployment of High Throughput Satellites (HTS).

We are evaluating this technology for our market, particularly for enterprise services such as maritime, mining and mobile applications, as well as private networks with a need for high throughput. Although the market potential of HTS is not clear at the present time, HTS will eventually come to Asia and will ultimately have a significant impact on satellite delivery.

The Industry Perspective

Industry conferences and exhibitions allow AsiaSat to showcase our satellite expertise and skill-set. During the year, we continued to be very active in industry conferences, exhibitions and speaking engagements organised by leading international and regional industry associations including CASBAA, Asia-Pacific Broadcasting Union (ABU) and the International Telecommunication Union (ITU).

We also played a prominent role at the various preparatory meetings and workshops in advance of the World Radiocommunication Conference at the ITU in Geneva later in 2015. The World Radiocommunication Conference meets every four years to help form policies that will determine the allocation of frequencies used for television, satellite, Wi-Fi, mobile, aviation, maritime and other communications.

REBRANDING OF ASIASAT

In 2014, we undertook an extensive rebranding exercise, during which we examined our position in the marketplace, our existing communications and our values and mission as a company. This is the first rebranding exercise since our establishment in 1988.

The refreshed brand was rolled out in the first quarter of 2015. It debuts in this report and features a new look and logo that will appear in all of our corporate materials and on our website.

OUTLOOK FOR 2015

As I noted earlier, 2014 was a year of transition for AsiaSat. The challenges we faced in a competitive market will continue into 2015. With the launches of AsiaSat 6 and AsiaSat 8 in 2014, we expanded our geographic reach and our product offerings. These enhancements will enable us to better serve our key markets of South Asia and China.

We also look forward to welcoming our new shareholder in 2015. Carlyle has agreed to acquire the stake in the Company currently held by GE. Under the new arrangement, Carlyle will nominate three new directors to replace the same number of directors from GE after the completion of share purchase by Carlyle.

ACKNOWLEDGMENTS

I would like to thank personally the AsiaSat management team and staff and the AsiaSat Board for their dedication and hard work in 2014. The launch of two new satellites with the same launch provider in consecutive months was a unique and significant accomplishment. These launches, coupled with the rebranding exercise, AsiaSat 9 procurement, the Ex-Im loans and the announcement of the Carlyle acquisition, made 2014 a year of significant achievement for the Company.

I would also like to thank our customers, suppliers and shareholders for their continued support of the Company.

Finally, as we expect the Carlyle transaction to be completed, I wish to thank the outgoing GE directors for their dedication and support of the Company since 2007. As one of the departing directors, it has been an honour to serve on the AsiaSat Board, including several terms as your Chairman, over the last six years. I will miss the active engagement with management and with other board members as we sought to improve the Company.

Sherwood P. DODGE
Chairman

Hong Kong, 26 March 2015

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December 2014 HK$'000	2013 HK$'000
Revenue	2	**1,364,958**	1,498,631
Cost of services		**(577,418)**	(540,278)
Gross profit		**787,540**	958,353
Administrative expenses		**(149,848)**	(87,573)
Other gains - net	3	**88,640**	26,967
Operating profit	4	**726,332**	897,747
Finance expenses	5	**(3,112)**	-
Profit before income tax		**723,220**	897,747
Income tax expense	6	**(164,200)**	(150,227)
Profit and total comprehensive income for the year		**559,020**	747,520
Profit and total comprehensive income attributable to:			
Owners of the Company		**559,139**	747,640
Non-controlling interests		**(119)**	(120)
		559,020	747,520
Earnings per share attributable to the owners of the Company for the year (expressed in HK$ per share)			
Basic earnings per share	7	**1.43**	1.91
Diluted earnings per share	7	**1.43**	1.91
Dividends	8	**222,981**	946,693

Note 1 to Note 8 are an integral part of these consolidated financial statements.

Reaching Further, Bringing You Closer

Consolidated Statement of Financial Position

	Note	As at 31 December 2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**18,951**	19,534
Property, plant and equipment		**6,710,503**	6,604,655
Unbilled receivables		**7,668**	3,005
Deposit		**2,616**	2,616
Total non-current assets		**6,739,738**	6,629,810
Current assets			
Trade and other receivables		**460,515**	405,813
Cash and bank balances		**3,345,672**	1,501,110
Total current assets		**3,806,187**	1,906,923
Total assets		**10,545,925**	8,536,733
EQUITY			
Equity attributable to owners of the Company			
Ordinary shares		**39,120**	39,120
Reserves			
- Retained earnings		**6,883,557**	6,556,941
- Proposed final dividend	8	**152,566**	312,956
- Proposed special dividend	8	**-**	586,794
- Other reserves		**30,998**	25,059
		7,106,241	7,520,870
Non-controlling interests		**782**	901
Total equity		**7,107,023**	7,521,771
LIABILITIES			
Non-current liabilities			
Bank borrowings		**1,929,333**	-
Deferred income tax liabilities		**397,035**	389,307
Deferred revenue		**93,914**	54,377
Other amounts received in advance		**1,377**	1,377
Total non-current liabilities		**2,421,659**	445,061
Current liabilities			
Bank borrowings		**254,039**	-
Construction payables		**101,693**	12,882
Other payables and accrued expenses		**109,932**	65,331
Deferred revenue		**193,399**	199,166
Current income tax liabilities		**358,180**	292,522
Total current liabilities		**1,017,243**	569,901
Total liabilities		**3,438,902**	1,014,962
Total equity and liabilities		**10,545,925**	8,536,733
Net current assets		**2,788,944**	1,337,022
Total assets less current liabilities		**9,528,682**	7,966,832

Note 1 to Note 8 are an integral part of these consolidated financial statements.

Reaching Further, Bringing You Closer

Notes:

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and have been prepared under the historical cost convention.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

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

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The new and amended standards that are mandatory for the first time for the financial year beginning 1 January 2014 include the following:

HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosure for Non-Financial Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement – Novation of derivatives
HKFRS 10, HKFRS 12 and HKAS 27 (Amendment)	Amendments to HKFRS 10, HKFRS 12, and HKAS 27 Investment Entities
HK(IFRIC) - Int 21	Levies

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

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

The following standards and amendments to existing standards have been issued, but are not effective for the financial year beginning 1 January 2014 and have not been early adopted:

HKFRSs (Amendments)	Improvements to HKFRSs 2012[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2013[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2014[2]
HKAS 1 (Amendment)	Presentation of Financial Statements[2]
HKAS 16 and HKAS 38 (Amendment)	Classification of Acceptable Methods of Depreciation and Amortisation[2]
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants[2]
HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions[1]
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements[2]
HKFRS 10, HKFRS 12 and and HKAS 28 (Amendment)	Investment entities[2]
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between and Investor and its Associate or Joint Venture[2]
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[2]

1. Basis of preparation (Continued)

Changes in accounting policies and disclosures (Continued)

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

HKFRS 15	Revenue from Contracts with Customers[3]
HKFRS 9	Financial Instruments[4]

[1] Effective for the Group for annual periods beginning on or after 1 July 2014
[2] Effective for the Group for annual periods beginning on or after 1 January 2016
[3] Effective for the Group for annual periods beginning on or after 1 January 2017
[4] Effective for the Group for annual periods beginning on or after 1 January 2018

The Group is in the process of 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.

2. Revenue and segment information

(a) Revenue:

The Group's revenue is analysed as follows:

	2014	2013
	HK$'000	HK$'000
Income from provision of satellite transponder capacity		
- recurring (Note)	**1,297,323**	1,446,195
- non-recurring	**7,488**	4,368
Sales of satellite transponder capacity	**22,495**	17,818
Other revenues	**37,652**	30,250
	1,364,958	1,498,631

Note:

For the year ended 31 December 2014, a total amount of HK$55,018,000 (2013: HK$50,345,000) 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 subject to Indian Court's final decision.

(b) Segment information:

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

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 2014 are HK$211,008,000 (2013: HK$254,800,000) and HK$290,352,000 (2013: HK$298,568,000) respectively, and the total revenue from customers in other countries is HK$863,598,000 (2013: HK$945,263,000). 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 2014, revenue of approximately HK$123,626,000 (2013: HK$152,284,000) are derived from a single external customer. These revenue are attributable to 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 the only operating segment of the Group whose operation is domiciled in Hong Kong.

3. Other gains - net

	2014 **HK$'000**	2013 HK$'000
Interest income	**39,879**	24,188
Net gain on disposals of property, plant and equipment	**325**	428
Finance income on lease arrangement	**48,436**	-
Others	**-**	2,351
	88,640	26,967

4. Operating profit

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

	2014 **HK$'000**	2013 HK$'000
Salary and other benefits, including directors' remuneration	**118,961**	110,261
Share-based payment	**11,178**	9,131
Pension costs – defined contribution plans	**8,999**	8,403
Total staff costs	**139,138**	127,795

Auditor's remuneration		
- audit services	**1,545**	1,445
- non-audit services	**995**	1,099
(Write back)/provision for impairment of		
- trade receivables, net	**(3,266)**	(10,879)
- other receivables	**4,403**	-
Bad debts written off	**1,182**	-
Depreciation of property, plant and equipment	**466,818**	437,024
Operating leases		
- Office premises	**9,098**	11,355
- Leasehold land and land use rights	**583**	583
Net exchange loss/(gain)	**8,494**	(24,626)
Marketing and promotion expense	**6,863**	9,039
Satellite operations	**10,099**	6,398

5. Finance expenses

	2014 **HK$'000**	2013 HK$'000
Interest expenses incurred on bank borrowings	**49,667**	-
Less: Interest capitalised on qualifying assets	**(46,555)**	-
Total	**3,112**	-

The interest rate applied in determining the amount of interest capitalised in 2014 was 3.51% (2013: Nil).

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

	2014	2013
	HK$'000	HK$'000
Current income tax		
- Hong Kong profits tax	**48,975**	26,297
- Overseas taxation (Note (b))	**86,161**	87,542
- Adjustments in respect of prior years (Note (a))	**21,336**	-
Total current tax	**156,472**	113,839
Deferred income tax	**7,728**	36,388
Income tax expense	**164,200**	150,227

Note:

(a) During the year ended 31 December 2014, the Group has received assessment notices from a tax authority to disallow the deductibility of certain items in respect of previous assessment years. In view of the latest development of the case, the Group has made a provision of additional tax of HK$21,336,000 for prior years in accordance with the assessment notices received, notwithstanding that the Group has appealed against such assessments.

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

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

Based on the latest advice received by the Group from the Group's advisers in India, the Group has recorded a provision of HK$65 million for the year ended 31 December 2014 (2013: HK$68 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.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

	2014	2013
	HK$'000	HK$'000
Profit before income tax	**723,220**	897,747
Tax calculated at tax rate of 16.5% (2013: 16.5%)	**119,331**	148,128
Tax effect of income not subject to income tax	**(120,131)**	(125,509)
Tax effect of expenses not deductible for tax purposes	**57,503**	40,071
Effect of income tax rate differential between Hong Kong and overseas locations	**86,161**	87,537
Adjustment in respect of prior years	**21,336**	-
Tax charge	**164,200**	150,227

The effective tax rate of the Group was 22.7% (2013: 16.7%).

The increase in effective tax rate was mainly attributable to the adjustment in respect of prior years as a result of a dispute with a tax authority.

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.

	2014	2013
	HK$'000	HK$'000
Profit attributable to owners of the Company	**559,139**	747,640

	2014	2013
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,877**	390,929
Basic earnings per share (HK$)	**1.43**	1.91

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. 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.

	2014	2013
	HK$'000	HK$'000
Profit attributable to owners of the Company	**559,139**	747,640

	2014	2013
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,877**	390,929
Effect of Award Shares (in thousands)	**584**	522
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	**391,461**	391,451
Diluted earnings per share (HK$)	**1.43**	1.91

8. Dividends

The dividends paid in 2014 and 2013 were HK$968,777,000 (HK$2.48 per share) and HK$749,997,000 (HK$1.92 per share) respectively. The directors recommend the payment of a final dividend of HK$0.39 per share (2013: a final dividend of HK$0.80 per share and a special dividend of HK$1.50 per share, totaling HK$2.30 per share). Such dividends are subject to approval by the shareholders at the Annual General Meeting on 24 June 2015. These financial statements do not reflect these dividends payable.

	2014 **HK$'000**	2013 HK$'000
Interim dividend paid of HK$0.18 (2013: HK$0.12) per ordinary share	**70,415**	46,943
Proposed final dividend of HK$0.39 (2013: HK$0.80) per ordinary share	**152,566**	312,956
Proposed special dividend of HK$Nil (2013: HK$1.50) per ordinary share	**-**	586,794
	222,981	946,693

The aggregate amounts of the dividends paid and proposed during 2014 and 2013 have been disclosed in the consolidated statement of comprehensive income in accordance with the Hong Kong Companies Ordinance.

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

- End -

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. Over 450 television and radio channels are now delivered by the company's satellites offering access to over 710 million TV households across the Asia-Pacific region. AsiaSat also provides VSAT networks throughout the region. AsiaSat's next satellite, AsiaSat 9 on order from the manufacturer is planned to be launched in 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.asiasat.com.