MEDIA RELEASE

AsiaSat Reports 2017 Annual Results

Hong Kong, 23 March 2018 - Asia Satellite Telecommunications Holdings Limited ('AsiaSat' – SEHK: 1135), Asia's leading satellite operator, today announced financial results for the full-year ended 31 December 2017.

Financial Highlights:

- 2017 revenue returned to an upward trend with an increase of 6% to HK$1,354 million from HK$1,272 million in 2016, supported by the lease of the full Ku-band payload of AsiaSat 8 during the year, on-going migration from Standard Definition to High Definition broadcasting and increased demand for data services
- 2017 profit attributable to owners was HK$397 million (2016: HK$430 million). On a like-for-like basis, after excluding a reversal of tax provision of HK$55 million in 2016, 2017 profit recorded an increase of 6%, HK$22 million compared to 2016
- Proposed final dividend of HK$0.20 per share (2016: HK$0.20 per share). Together with the interim dividend of HK$0.18 per share (2016: Nil), the total dividend for the year 2017 is HK$0.38 per share (2016: HK$0.20 per share)

Operational Highlights:

- AsiaSat enters its 30th year in 2018 with an expanded and upgraded satellite fleet, including the new AsiaSat 9 which became fully operational in November 2017, bringing improved performance to customers and additional capacity to grow company business
- A lease for the full payload of AsiaSat 4 was secured following successful migration of customers from AsiaSat 4 to AsiaSat 9, the full revenue impact of which will be seen in 2018
- Overall payload utilisation of the AsiaSat fleet as of 31 December 2017 stood at 69% (126 transponders utilised/leased), compared to 67% as of 31 December 2016 (99 transponders utilised/leased)
- A "CDN (Content Delivery Network) in the Sky" service developed for the fast-growing mobility markets in remote areas across AsiaSat's extensive footprint, enabling the company to offer additional IP-based services
- Planning of the company's first HTS – High Throughput Satellite under way, to explore potential new mobility-led data opportunities

AsiaSat's Chairman, Gregory M. Zeluck, said, "The Board of Directors remains cautiously optimistic about AsiaSat's long-term video and data distribution strategies for national and international markets. The Company will maintain its high level of commitment to a diversified video and data customer base with data potentially accounting for an increasing revenue share in the medium term. Despite ongoing pricing pressures, regional demand for video and data services will remain solid, especially with respect to demand for ever higher quality and higher speed video content from the younger middle class population."

"The Company will continue to evaluate opportunities to develop its HTS capabilities and strategy. As the Asia Pacific market digests the opportunities presented by the latest HTS solutions, we believe this presents the Company a strategic opportunity to meet increasing consumer demands in the mobility sector such as in-flight broadband services," Mr. Zeluck added.

# # #

Media Contacts:

Asia Satellite Telecommunications Holdings Limited

Winnie Pang, Manager, Marketing Communications

Tel: (852) 2500 0880

Email: wpang@asiasat.com

ASIASAT
Reaching Further, Bringing You Closer

ASIA SATELLITE TELECOMMUNICATIONS HOLDINGS LIMITED

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

Final Results for the Financial Year Ended 31 December 2017

CHAIRMAN'S STATEMENT

INTRODUCTION

In 2017, benefiting from the lease of the full Ku-band payload of AsiaSat 8 in February coupled with a newly created sales structure, the Company revenue was HK$1,354 million, an increase of 6% compared to 2016.

Satellite market conditions remain challenging in the face of pricing pressures from increased competition in the region and the impact from disruptive new technologies. Thanks to the addition of the powerful AsiaSat 9 to its fleet, the Company believes it can achieve a period of modest growth with the proper execution of sales strategies. However, we recognise the need to continue to manage closely the pricing pressures on data services as well as compression improvements for video distribution, which to some extent neutralise the benefits of the increased demand generated by mobility applications and video format upgrades.

The Company aims to leverage its growing customer recognition to take advantage of the positive long-term prospects for video services via satellite supported by new potential data opportunities from High Throughput Satellite (HTS). We continue to proceed with the planning process for our first HTS, which would bring significantly improved power and highly flexible digital on-board processing technology.

FINANCIAL PERFORMANCE

Revenue

In 2017 revenue returned to an upward trend with an increase of 6% to HK$1,354 million from HK$1,272 million over the previous year, supported by the lease of the full Ku-band payload of AsiaSat 8 in February 2017. During the year, despite the ongoing pricing pressures, the Company also benefited from the on-going migration from Standard Definition to High Definition broadcasting along with increased demand for data services. In December, following the successful migration of customers from AsiaSat 4 to AsiaSat 9, the Company leased the full payload of AsiaSat 4 to a single customer the full revenue impact of which will be seen in 2018.

Operating Expenses

Operating expenses in 2017, excluding depreciation, were HK$279 million (2016: HK$244 million), an increase of 14% as compared to the previous year. This incremental rise in expenses was due to impairment of trade receivables, exchange loss, increased office rental and staff costs.

Other Gains

Other gains for the year 2017 were HK$92 million (2016: HK$5 million) mainly due to a one-off income and recovery of expenses of approximately HK$89 million arising from the resolution of a long pending tax matter related to the provision of services to a customer.

Finance Expenses

Net finance expenses after capitalised interests were HK$95 million (2016: HK$54 million), up by HK$41 million from a year ago. The 2017 net finance expense figure included the impact from a write-off of a HK$24 million unamortised arrangement fee for an existing loan which was refinanced in July 2017 and the cessation of interest capitalisation for the financing cost of AsiaSat 9 when it became fully operational in November 2017. If capitalised interests were to be included (2017: HK$45 million and 2016: HK$79 million), total finance expenses would have been HK$140 million in 2017 (2016: HK$133 million).

Depreciation

Depreciation costs remained stable at HK$526 million (2016: HK$522 million) despite the commencement of the depreciation of AsiaSat 9.

Taxation

Income tax expenses were HK$150 million (2016: HK$27 million), representing an increase of HK$123 million due to the reversal of a tax provision of HK$55 million in 2016 when the Company reached an agreement with a tax authority on the treatment of certain revenues and expenses. A cost was also incurred from the payment of additional tax following the settlement of a tax dispute under the Indian Direct Tax Dispute Resolution Scheme 2016 as described in Note 6 in this announcement.

Profit

Profit attributable to the owners for 2017 was HK$397 million (2016: HK$430 million). If a reversal of tax provision of HK$55 million was excluded, the 2016 profit was HK$375 million. This means on a like-for-like basis, profit attributable to the owners for 2017 represents an increase of HK$22 million from 2016. This improvement on profit was as a result of higher revenue and other gains, but was reduced by higher exchange losses, the write off of unamortised loan arrangement fees, staff costs, finance expenses and income tax expenses.

Cash Flow

As of 31 December 2017, the Group's cash and bank balances stood at HK$215 million (31 December 2016: HK$241 million).

The cash inflow mainly comprised net cash generated from operating activities of HK$1,088 million (2016: HK$991 million) and proceeds from refinancing loan of HK$1,414 million (2016: Nil). The Group saw a net cash outflow of HK$29 million in 2017 (2016 inflow: HK$3 million). The cash outflow included capital expenditures of HK$544 million (2016: HK$406 million), the payment of HK$148 million (2016: Nil) in dividends and repayment of bank borrowings of HK$1,786 million (2016: HK$523 million), which included the early repayment in full of a term loan amounting to HK$1,482 million.

Dividend

At the Annual General Meeting to be held on 15 June 2018, the Board will recommend a final dividend of HK$0.20 per share (2016: HK$0.20 per share) for the year ended 31 December 2017. Together with the interim dividend of HK$0.18 per share (2016: Nil), the total dividend for the year 2017 is HK$0.38 per share (2016: HK$0.20 per share).

OVERALL BUSINESS PERFORMANCE

Overall, the Company has seen a greater level of utilisation of its expanded and upgraded satellite fleet. As of 31 December 2017, the number of transponders leased or utilised by the Company was 126 as compared with 99 transponders as of 31 December 2016. Overall payload utilisation for the period ended 31 December 2017 was 69% as compared to 67% as of 31 December 2016.

Despite increased pricing pressure in the region, AsiaSat has managed to achieve modest business growth by taking advantage of the resilient broadcasting market in Asia evidenced by a balanced mix of channels and long-term customer relationships.

Additional strategic efforts that contributed to the improved 2017 financial performance include the renewed focus on the Europe and Middle East markets, the consistent deployment of dedicated resources for the distribution of sports and news content, the continued growth of VSAT-based mobility services for the aviation and maritime markets and the nascent growth of consumer broadband services across the region.

Customer backlog in 2017 fell to HK$3,684 million from HK$4,067 million representing a 9% drop. This drop is in part due to overall pricing pressure and customers generally adopting a more conservative approach by entering into contract of shorter duration.

OUTLOOK 2018-2020

In terms of the overall market outlook, according to the International Monetary Fund (IMF), the Economist Intelligence Unit (EIU), the World Bank and other global forecasters annual GDP growth for 2018-2020 will stand at 3%, with APAC forecasts at above 5% per year to 2020.

The Board of Directors remains cautiously optimistic about AsiaSat's long-term video and data distribution strategies for national and international markets. The Company will maintain its high level of commitment to a diversified video and data customer base with data potentially accounting for an increasing revenue share in the medium term. Despite ongoing pricing pressures, regional demand for video and data services will remain solid, especially with respect to demand for ever higher quality and higher speed video content from the younger middle class population.

The Company continues to exploit its broadcast heritage in an IP world as we develop a "CDN (Content Delivery Network) in the Sky" service designed to cater for fast-growing mobility markets in remote areas across the entire AsiaSat footprint. It will enable the Company to offer additional IP based services, for example to cruise ships and to its existing video customer base.

Finally, the Company will continue to evaluate opportunities to develop its HTS capabilities and strategy. As the Asia Pacific market digests the opportunities presented by the latest HTS solutions, we believe this presents the Company a strategic opportunity to meet increasing consumer demands in the mobility sector such as in-flight broadband services.

LEADERSHIP

This year the Company celebrates the 30th anniversary since its foundation in 1988 and the launch of AsiaSat 1 in the spring of 1990. Since that time AsiaSat has remained committed to efficiency and customer benefits while providing consistent returns to its investors.

We look forward to working yet more closely with our partners and the community at large to deliver high quality connectivity solutions to billions of consumers across the region in both the broadcast and data markets.

ACKNOWLEDGEMENTS

I would like to take this opportunity to thank past Board members Mr. Stephen Lee, Mr. Kenneth McKelvie, Mr. James Watkins and Mr. Alex Ying for their valuable contributions and to welcome Mr. Herman Chang, Mr. Marcel Fenez, Mr. Steven Leonard and Ms. Philana Poon as new members of the AsiaSat Board of Directors.

Finally, I also express my gratitude to our customers, our management team led by our Chief Executive Officer Mr. Andrew Jordan and his staff, who worked tirelessly in 2017 to maintain AsiaSat's position in our industry. I also thank our shareholders for their continuing commitment to the Company and our industry.

Gregory M. ZELUCK
Chairman

Hong Kong, 23 March 2018

Consolidated Statement of Comprehensive Income

	Note	**Year ended 31 December** **2017** **HK$'000**	2016 HK$'000
Revenue	2	**1,353,913**	1,272,385
Cost of services	4	**(639,590)**	(627,392)
Gross profit		**714,323**	644,993
Administrative expenses	4	**(164,988)**	(138,313)
Other gains – net	3	**92,220**	4,651
Operating profit		**641,555**	511,331
Finance expenses	5	**(94,742)**	(54,353)
Profit before income tax		**546,813**	456,978
Income tax expense	6	**(150,213)**	(27,044)
Profit and total comprehensive income for the year		**396,600**	429,934
Profit and total comprehensive income for the year attributable to :			
- Owners of the Company		**396,669**	429,934
- Non-controlling interests		**(69)**	-
		396,600	429,934
Earnings per share attributable to the owners of the Company for the year (expressed in HK$ per share)			
Basic earnings per share	7	**1.01**	1.10
Diluted earnings per share	7	**1.01**	1.10

Reaching Further, Bringing You Closer

Consolidated Statement of Financial Position

	Note	As at 31 December 2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Leasehold land and land use rights		**17,202**	17,785
Property, plant and equipment		**6,930,280**	6,830,436
Unbilled receivables		**19,040**	19,575
Deposit		**2,851**	2,851
Total non-current assets		**6,969,373**	6,870,647
Current assets			
Unbilled receivables		**8,458**	9,215
Trade and other receivables		**208,598**	317,624
Cash and bank balances		**214,465**	240,583
Total current assets		**431,521**	567,422
Total assets		**7,400,894**	7,438,069
EQUITY			
Equity attributable to owners of the Company			
Share capital		**39,120**	39,120
Reserves			
- Retained earnings		**3,282,940**	3,029,950
- Other reserves		**29,607**	35,600
		3,351,667	3,104,670
Non-controlling interests		**835**	904
Total equity		**3,352,502**	3,105,574
LIABILITIES			
Non-current liabilities			
Bank borrowings		**2,593,983**	2,913,283
Deferred income tax liabilities		**462,515**	432,271
Other payables		**-**	39,000
Deferred revenue		**230,825**	67,215
Other amounts received in advance		**-**	1,377
Total non-current liabilities		**3,287,323**	3,453,146
Current liabilities			
Bank borrowings		**358,923**	350,040
Construction payables		**67,448**	30,521
Other payables and accrued expenses		**80,874**	68,725
Deferred revenue		**191,761**	173,085
Current income tax liabilities		**62,063**	256,978
Total current liabilities		**761,069**	879,349
Total liabilities		**4,048,392**	4,332,495
Total equity and liabilities		**7,400,894**	7,438,069

Notes:

1. Basis of preparation

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

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

As at 31 December 2017, the Group's current liabilities exceeded its current assets by approximately HK$329,548,000 (2016: HK$311,927,000). Included in the Group's current liabilities were deferred revenue of HK$191,761,000 (2016: HK$173,085,000) which represents non-refundable customer prepayments that will be recognised as revenue over the next twelve months through provision of transponder capacity services. The Group's net current liabilities less deferred revenue was HK$137,787,000 (2016: HK$138,842,000). The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of resources generated from its operations, together with the available banking facilities. Based on these forecasts and projections, the directors have a reasonable expectation that the Group will have adequate resources to continue its operations and to meet its financial obligations as and when they fall due in the next twelve months from the date of the Group's consolidated financial statements. Therefore, the Group has prepared its consolidated financial statements on a going concern basis.

Changes in accounting policies and disclosures

(a) New and amended standards adopted by the Group

The following new standards and amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2017:

HKAS 7 (Amendments)	Statement of Cash Flows
HKAS 12 (Amendments)	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments did not have material impact on the financial statements for the current year, except for amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities.

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

The following new standards and amendments to existing standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2017 and have not been early adopted.

HKFRS 2 (Amendments)	Share-based Payment[1]
HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[2]
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

AsiaSat
Reaching Further, Bringing You Closer

1. Basis of preparation (Continued)

Changes in accounting policies and disclosures (Continued)

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

HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Considerations[1]
HK (IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Annual Improvement 2017	Annual Improvement Project 2014 – 2016 Cycle[1]

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

Management is in the process of assessing the impact of these new standards, amendments to standards and interpretation to existing standards. Below set out their expected impact on the Group's financial performance and position:

(i) HKFRS 9, ''Financial instruments''

HKFRS 9 "Financial instruments" replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

For financial liabilities, there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

Based on an analysis of the Group's financial instruments as at 31 December 2017, the Group does not expect the adoption of HKFRS 9 will have a significant impact on the classification and measurement of the Group's financial assets and financial liabilities.

1. Basis of preparation (Continued)

Changes in accounting policies and disclosures (Continued)

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

(i) HKFRS 9, ‘‘Financial instruments’’ (Continued)

HKFRS 9 also introduces a new model for the recognition of impairment losses - the expected credit losses (“ECL”) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost, a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables, this day-1 loss will be equal to their lifetime ECL.

Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

The new impairment model requires the recognition of impairment provisions based on ECL rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments at OCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. The historical credit losses are immaterial.

Based on the assessments undertaken to date, the Group considers that there will be no material adverse change in the credit risks in respect of the Group’s future financial assets and the adoption of the new ECL model under HKFRS 9 will not have significant impact on its financial performance and position.

The new standard also introduces expanded disclosure requirements. It is effective for first interim period of the financial year commencing on or after 1 January 2018. The Group has not early adopted this new standard.

(ii) HKFRS 15 ‘‘Revenue from contracts with customers’’

HKFRS 15 “Revenue from contracts with customers” replaces the previous revenue standards HKAS 18 “Revenue” and HKAS 11 “Construction Contracts” and the related interpretations on revenue recognition. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Based on the assessments undertaken to date, management has identified the following areas that are likely to be affected:

1. Basis of preparation (Continued)

Changes in accounting policies and disclosures (Continued)

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

(ii) HKFRS 15 ‘‘Revenue from contracts with customers’’ (Continued)

- Revenue from certain service agreements – the identification of performance obligations under HKFRS 15 may affect the timing of the recognition of revenue. When the Group enters into a contract with a customer that includes initial setup and installation services, the consideration received for these services will be amortised throughout the contract period, where the initial setup and installation services do not represent separate performance obligations and are used as inputs to deliver services specified by the customer.

- Accounting for certain costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be capitalised under HKFRS 15. When the Group pays sales commissions which are incremental costs of obtaining a contract, the amount incurred will be recognised as assets if they are recoverable and amortised over the contract period for rendering of services.

- Accounting for certain contracts with a significant financing component – HKFRS 15 requires adjustments to the promised amount of consideration for effects of the time value of money. When the Group receives payment in advance of performance, amount of revenue recognised will be increased and exceeds the cash received as interest expenses will be recorded.

The Group does not expect the application of HKFRS 15 would result in a significant impact on the Group’s financial position and results of operations based on the current business model.

HKFRS 15 is effective for first interim period of the financial year commencing on or after 1 January 2018. The Group has not early adopted this new standard.

(iii) HKFRS 16 ‘‘Leases’’

HKFRS 16 was issued in January 2016. From lessees’ perspective, it will result in almost all leases being recognised on the consolidated statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low value leases.

The accounting for lessors will not significantly change.

1. Basis of preparation (Continued)

Changes in accounting policies and disclosures (Continued)

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

(iii) HKFRS 16 ‘‘Leases’’ (Continued)

The standard will affect primarily the accounting for Group’s operating leases. As at 31 December 2017, the Group had non-cancellable operating lease commitments of HK$36,573,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group’s profit and classification of cash flows upon adoption of the standard.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is effective for first interim period of the financial year commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

2. Revenue and segment information

(a) Revenue:

The Group’s revenue is analysed as follows:

	2017 **HK$’000**	2016 HK$’000
Income from provision of satellite transponder capacity - recurring (Note)	**1,308,549**	1,216,783
Sales of satellite transponder capacity	**13,224**	13,363
Other revenues	**32,140**	42,239
	1,353,913	1,272,385

Note: For the year ended 31 December 2017, a total amount of HK$22,880,000 (2016: HK$13,269,000) was recorded as the additional revenue received or receivable from certain customers following the enactment of the Finance Act in India in 2012, which imposes tax on the Group for revenue that could be considered as Indian sourced. Further details were set out in Note 6 to this announcement.

2. Revenue and segment information (Continued)

(b) Segment information:

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

Revenue reported in Note 2(a) above represented transactions with third parties and are reported to the 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 2017 are HK$155,534,000 (2016: HK$177,283,000) and HK$312,575,000 (2016: HK$315,265,000) respectively, and the total revenue from customers in other countries is HK$885,804,000 (2016: HK$779,837,000). 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 2017, there were 2 customers (2016: 1 customer), which individually contributed over 10% of the Group's total revenue. The revenue contributed from each of these customers was as follows:

	2017 **HK$'000**	2016 HK$'000
Customer A	**135,449**	126,027
Customer B	**144,532**	N/A

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

3. Other gains - net

	2017	2016
	HK$'000	HK$'000
Interest income	**2,151**	4,808
Net gain/(loss) on disposals of property, plant and equipment	**247**	(157)
One-off income and cost recovery (Note)	**89,822**	-
	92,220	4,651

Note: This represented a one-off income and recovery of expenses incurred arising from the resolution of a long pending tax matter related to the provision of services to a customer.

4. Expenses by nature

Expenses included in cost of services and administrative expenses are analysed as follows:

	2017	2016
	HK$'000	HK$'000
Auditor's remuneration		
- audit services	**1,960**	1,900
- non-audit services	**5,211**	1,240
Provision for impairment of		
- trade receivables, net	**6,519**	2,350
Depreciation of property, plant and equipment	**525,789**	521,816
Employee benefit expense	**146,478**	132,030
Operating leases		
- Office premises	**9,611**	7,973
- Leasehold land and land use rights	**583**	583
Net exchange loss	**18,029**	8,785
Marketing and promotions expense	**5,363**	5,015
Legal and professional fee	**17,003**	15,428
Satellite operations	**9,507**	7,363

5. Finance expenses

	2017	2016
	HK$'000	HK$'000
Interest expenses and finance charges incurred on bank borrowings	**116,174**	132,881
Unamortised loan origination fees written off upon repayment of bank borrowings	**23,528**	-
Less: interest capitalised on qualifying assets	**(44,960)**	(78,528)
Total	**94,742**	54,353

The interest rate applied in determining the amount of interest capitalised in 2017 was 3.70% (2016: 3.64%).

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% (2016: 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% (2016: 7% to 43.26%) prevailing in the countries in which the profit is earned.

	2017 HK$'000	2016 HK$'000
Current income tax		
- Hong Kong profits tax	**2,354**	32,421
- Overseas taxation (Note (a))	**121,187**	44,339
- Adjustments in respect of prior years (Note (a), (b))	**(3,572)**	(55,103)
Total current tax	**119,969**	21,657
Deferred income tax	**30,244**	5,387
Income tax expense	**150,213**	27,044

Note:

(a) The Group had been in dispute with the Indian tax authority ("IR") in respect of revenues earned from the provision of satellite transponder capacity for a number of years.

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

In January 2017, the Group filed an application under the Direct Tax Dispute Resolution Scheme, 2016 ("DRS 2016") to the IR for a settlement of the tax disputes in relation to assessment years from 1997/98 to 2012/13. The DRS 2016 was introduced by the Indian government to allow eligible tax payers to settle their tax disputes as a result of the retrospective amendments to the Income Tax Act in 2012, provided all the pending appeals/writs are withdrawn and that any interest and penalties on the overdue taxes shall be waived by the IR. In February 2017, the Group received a notification from the IR determining the final settlement of tax payable for these 16 assessment years to be HK$193,000,000 (Indian Rupee equivalent) and which the Group has subsequently paid. Accordingly, all the Indian income tax liabilities for these 16 assessment years were fully settled in 2017.

6. Income tax expense (Continued)

Note (Continued)

(a) (Continued)

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

Based on the latest assessment orders and on the advice from the Group's advisers in India, the Group has made its best estimate to record a provision of approximately HK$97,000,000 for the year ended 31 December 2017 (2016: HK$14,000,000). This tax provision for the year included an additional tax provision arising from DRS 2016.

(b) In June 2016, the Group received a tax refund from the Hong Kong Inland Revenue for the year of assessments from 2012/13 to 2013/14 of approximately HK$30,000,000. This refund arose as a result of the changes in the basis of assessment. Accordingly, the Group has written back the additional tax provision of HK$41,000,000 for the year of assessments from 2012/13 to 2015/16 which was previously made.

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

	2017 HK$'000	2016 HK$'000
Profit before income tax	**546,813**	456,978
Tax calculated at tax rate of 16.5% (2016: 16.5%)	**90,224**	75,401
Tax effect of income not subject to income tax and other tax credit	**(124,847)**	(103,348)
Tax effect of expenses not deductible for tax purposes	**67,221**	65,755
Income tax in respect of overseas profits	**121,187**	44,339
Adjustments in respect of prior years	**(3,572)**	(55,103)
Tax charge	**150,213**	27,044

The effective tax rate of the Group was 27.5% (2016: 5.9%).

The higher effective tax rate for the year ended 31 December 2017 was mainly attributable to the additional tax provision arising from the settlement of tax disputes in 2017 under DRS 2016.

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.

	2017	2016
	HK$'000	HK$'000
Profit attributable to owners of the Company	**396,669**	429,934

	2017	2016
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,860**	390,989
Basic earnings per share (HK$)	**1.01**	1.10

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

Diluted

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

Share Award Scheme

The Company has restricted shares under the 2007 Share Award Scheme which would have dilutive effects. The calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the year) based on the monetary value of outstanding restricted shares. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the restricted shares were fully vested.

Share Options Scheme

The Company has share options, issued in October 2016, which would have dilutive effects. A calculation is done to determine the number of shares that could have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price of the Company's shares for the year) for the same total proceeds as the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

7. Earnings per share (Continued)

	2017 **HK$'000**	2016 HK$'000
Profit attributable to owners of the Company	**396,669**	429,934

	2017	2016
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share (in thousands)	**390,860**	390,989
Effect of Award Shares (in thousands)	**61**	987
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share (in thousands)	**390,921**	391,976
Diluted earnings per share (HK$)	**1.01**	1.10

The conversion of share options would have an anti-dilutive effect to the basic earnings per share during the year ended 31 December 2017.

8. Dividends

The dividends paid in 2017 were HK$148,491,000 (HK$0.38 per share) (2016: Nil). The Board recommends the payment of a final dividend of HK$ 0.20 per share (2016: HK$0.20 per share). Such dividends are to be approved by the shareholders at the annual general meeting to be held on 15 June 2018. These consolidated financial statements do not reflect these dividends payable.

	2017 **HK$'000**	2016 HK$'000
Interim dividend paid of HK$0.18 (2016: HK$Nil) per ordinary share	**70,415**	-
Proposed final dividend of HK$0.20 (2016: HK$0.20) per ordinary share	**78,239**	78,239
	148,654	78,239

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

Notes to Editor

Asia Satellite Telecommunications Company Limited (AsiaSat), the leading satellite operator in Asia, serves over two-thirds of the world's population with its seven satellites, AsiaSat 3S, AsiaSat 4, AsiaSat 5, AsiaSat 6, AsiaSat 7 and AsiaSat 8, and the new AsiaSat 9. The AsiaSat satellite fleet serves both the broadcast and telecommunications industries. Over 600 television and radio channels are now delivered by the company's satellites offering access to over 830 million TV households across the Asia-Pacific region. AsiaSat 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 | LinkedIn | Facebook | Twitter | Mobile App