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*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1045)

## **2008 RESULTS ANNOUNCEMENT**

### **CHAIRMAN'S STATEMENT**

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") is pleased to announce the audited results of the Company and its subsidiaries (the "Group") in respect of the financial year ended 31 December 2008.

### **RESULTS**

For the financial year ended 31 December 2008, the Group's turnover and profit attributable to equity shareholders amounted to HK\$403,672,000 (2007: HK\$451,626,000) and HK\$49,587,000 (2007: HK\$5,581,000) respectively. Basic earnings per share was HK12.00 cents (2007: HK1.35 cents).

### **DIVIDENDS**

In view of the uncertainties due to economic crisis and the Group's future need, the Board has resolved not to declare any payment of final dividend for the financial year ended 31 December 2008 (2007: nil).

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **BUSINESS REVIEW**

The Group's in-orbit satellites and their corresponding telemetry, tracking and control system (TT&C system) have been operating under normal condition during the year. In spite of the financial tsunami, global economic crisis, and the fierce market competition in Asia Pacific region particularly in China market, the Group had, during the period, successfully opened new market and expanded customer base thereby further increased the utilisation rates for APSTAR V and APSTAR VI.

#### **APSTAR VI**

APSTAR VI commenced commercial operation in June 2005. It contains 38 C band and 12 Ku band transponders. As at 31 December 2008, its utilisation rate was 71.9 %, representing an increase of 12.9 % as compared to last year.

## **APSTAR V**

APSTAR V commenced commercial operation in August 2004. It contains 38 C band and 16 Ku band transponders. As at 31 December 2008, the utilisation rate of the Group's transponders thereon was 83.1%, representing an increase of 11.1% approximately as compared to last year.

The outstanding performances of APSTAR V and APSTAR VI have strengthened the competitive advantage of the Group resulting in promising performance in marketing especially in overseas market.

The additions of two satellites in mid 2007 and one satellite in the first half of 2008 in China market have led to fierce market competition in China market. However, the Group had, during the period, successfully secured its market share through services improvement and enhancement. As a whole, the intensive market competition has not resulted in a significant impact on the financial performance of the Group.

## **SATELLITE TV BROADCASTING AND UPLINK SERVICES**

APT Satellite TV Development Limited ("APT TV"), a wholly-owned subsidiary of the Group, successfully established the satellite TV broadcasting platform based on the Satellite TV Uplink and Downlink Licence of Hong Kong. As of 31 December 2008, APT TV uplink and broadcast up to 87 satellite TV channels in the region representing an increase of 20.8% as compared to last year.

## **SATELLITE TELECOMMUNICATION SERVICES AND FACILITY SERVICES**

APT Telecom Services Limited ("APTS"), a wholly-owned subsidiary of the Group, provides satellite-based external telecommunication services such as VSAT (Very Small Aperture Telecommunication), facilities management services, and teleport uplink services under the Fixed Carrier Licence of Hong Kong. Through a marketing effort in the second half of 2008, the Group has commissioned a cooperation with a multinational IT firm for the provision of advanced and environmentally friendly facility services to an internationally well known airliner for 12 years, further boosting the Group's profit and utilisation of resources.

## **BUSINESS PROSPECTS**

As the current global economic crisis is expected to last for a period of time, which may result in a number of uncertainties on the demand of transponder in the region. Meanwhile, new satellites are expected to be launched, which may further intensify the market competition in the region. The Group, however, by beefing up the competitive edge, improving the resource utilisation, exploring into new markets and enhancing customer services, is fully confident riding over unfavourable external factors and coping with future challenges.

## FINANCIAL

The Group has fully repaid the bank loan during the year. As at 31 December 2008, the Group's financial position is very strong with a gearing ratio (total liabilities/total assets) of approximately 20% (2007: 37%). The Liquidity Ratio (current assets/current liabilities) is at 1.71 times (2007: 1.29 times). The amount attributable to equity shareholders of the Group is HK\$2,040,565,000. The Group had cash and cash equivalents amounting HK\$121,541,000 and pledged bank deposit of HK\$808,000.

## CORPORATE GOVERNANCE

The Group is committed to high standard of corporate governance especially in internal control and compliance. Please refer to the Corporate Governance Report contained in the 2008 Annual Report.

## FINANCIAL REVIEW

The following discussion and analysis of the Group's financial position and results of operations should be read in conjunction with the Financial Highlights and the related notes.

Highlights:

	2008	2007	Change
<i>HK\$ thousand</i>			
Turnover	<b>403,672</b>	451,626	-11%
Gross profit	<b>126,091</b>	136,834	-8%
Profit for the year	<b>49,500</b>	4,716	+950%
Profit attributable to shareholders	<b>49,587</b>	5,581	+788%
Basic Earnings per share ( <i>HK cents</i> )	<b>12.00 cents</b>	1.35 cents	+10.65 cents
<i>In percentage</i>			
Total assets	<b>2,546,283</b>	3,135,582	-19%
Total liabilities	<b>505,718</b>	1,146,891	-56%
Gearing ratio (%)	<b>20%</b>	37%	-17%

The Group recorded a turnover and profit for the year of HK\$403,672,000 and HK\$49,500,000 for 2008. The turnover decreased by 11%, primarily due to termination of wholesale voice services in the second half of 2007, and disposal of an operating subsidiary, Beijing Asia Pacific East Communication Network Limited ("BAPECN") on 2 April 2008; the turnover of this subsidiary was included in the consolidated income statement up to the date of disposal.

For the year ended 31 December 2008, profit attributable to equity holders amounted to HK\$49,587,000, represents an increase of 788% as compared with 2007. The cause for the increase in net profit was principally the result of the following factors:

#### **Other net income**

Other net income increased from HK\$26,334,000 in 2007 to HK\$68,871,000 in 2008. The increase was mainly due to gain on sale of certain transponders of HK\$51,489,000.

#### **Gain on Sale of a subsidiary**

The Group sold its entire equity interest in BAPECN on 2 April 2008, realizing a gain of HK\$3,193,000. Details of gain on disposal of a subsidiary are set out in note 9 of this announcement.

#### **Share of result and gain on sale of a Jointly Controlled Entity**

The Group sold its entire equity interest in APT Satellite Telecommunications Limited (“APT Telecom”) on 3 October 2008, realizing a gain of HK\$9,590,000. Details of gain on disposal of a jointly controlled entity are set out in the announcement dated on 3 October 2008 and note 10 of this announcement.

Prior to the date of sale, the share of result of APT Telecom to the Group was HK\$2,397,000, representing an increase of HK\$3,291,000 as compared to 2007.

#### **Income Tax**

The income tax expenses increased from HK\$20,445,000 in 2007 to HK\$42,551,000 in 2008. The increase was mainly due to a tax provision of HK\$14,350,000 in respect of disposal of certain transponders. The details of income tax of the Group are set out in note 8 of this announcement.

### **CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

During the year, the Group’s principal use of capital was the capital expenditure related to the satellite equipments and office equipments which had been funded by internally generated cash. The capital expenditure incurred for the year ended 31 December 2008 amounted to HK\$7,457,000.

During the year, the Group has fully repaid the bank loan of HK\$683,056,000 (equivalent to US\$85,571,000), the funding for which came from the proceeds from the sale of certain transponders, BAPECN, APT Telecom and internally generated cash.

As at 31 December 2008, the Group’s total liabilities were HK\$505,718,000, a decrease of HK\$641,173,000 as compared to 2007, primarily due to repayment of the bank loan as described above. As a result, the gearing ratio (total liabilities/total assets) has decreased to 20%, representing a 17% decrease as compared to 2007.

### **Capital structure**

The Group consistently adheres to conservative fund management. The global financial crisis resulted in no significant impact to the Group's financial position. The solid capital structure and financial strength continue to provide for a solid foundation for the Group's future development.

### **Foreign exchange exposure**

The Group mainly earned revenue in the United States Dollar and Renminbi. The Group's insurance coverage premiums on satellite and debt services and substantially all capital expenditures were denominated in the United States Dollar; the remaining expenses were primarily denominated in the Hong Kong Dollars. The effect of exchange rate fluctuation in the United States Dollar is insignificant as the Hong Kong dollar is pegged to the United States Dollar. In the past several years, appreciation of Renminbi against the Hong Kong Dollar maintained an increasing trend until the second half of 2008 when it stabilised. The management expects that the exchange rate of Renminbi to remain stable and does not foresee material adverse foreign exchange risk to the Group. Therefore, the Group presently does not engage in any foreign currency hedging activities.

### **Charges on group assets**

The Group has repaid the bank loan on 30 December 2008. The assets under fixed charges were APTSTR V and APSTAR VI of nil in 2008 (2007: HK\$2,317,238,000), and bank deposits of nil (2007: HK\$83,749,000). As at 31 December 2008, approximately HK\$808,000 is related to other pledges.

In addition, certain of the Group's banking facilities were secured by the Group's properties with aggregate carrying value of approximately HK\$4,422,000 (2007: HK\$4,538,000).

### **Capital commitments**

As at 31 December 2008, the Group has outstanding capital commitments of HK\$1,499,000 (2007: HK\$3,398,000), which was contracted but not provided for in the Group's financial statements, mainly in respect of the future purchases of equipment.

### **Contingent liabilities**

The details of contingent liabilities of the Group are set out in note 15 of this announcement.

**FINANCIAL HIGHLIGHTS**  
**Consolidated Income Statement**  
**For the year ended 31 December 2008**

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Turnover</b>	3	<b>403,672</b>	451,626
Cost of services		<b>(277,581)</b>	(314,792)
		<hr/>	<hr/>
<b>Gross profit</b>		<b>126,091</b>	136,834
Other net income	4	<b>68,871</b>	26,334
Administrative expenses		<b>(84,838)</b>	(81,896)
Valuation (losses)/gains on investment properties		<b>(12)</b>	226
Impairment loss recognised in respect of property, plant and equipment	5	<b>(8,397)</b>	(98)
		<hr/>	<hr/>
<b>Profit from operations</b>		<b>101,715</b>	81,400
Finance costs	6	<b>(24,844)</b>	(55,345)
Share of results of jointly controlled entities		<b>2,397</b>	(894)
Gain on disposal of a subsidiary	9	<b>3,193</b>	–
Gain on disposal of a jointly controlled entity	10	<b>9,590</b>	–
		<hr/>	<hr/>
<b>Profit before taxation</b>	7	<b>92,051</b>	25,161
Income tax	8	<b>(42,551)</b>	(20,445)
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>49,500</b>	4,716
		<hr/> <hr/>	<hr/> <hr/>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>49,587</b>	5,581
Minority interests		<b>(87)</b>	(865)
		<hr/>	<hr/>
<b>Profit for the year</b>		<b>49,500</b>	4,716
		<hr/> <hr/>	<hr/> <hr/>
<b>Earnings per share</b>	11		
– Basic		<b>12.00 cents</b>	1.35 cents
		<hr/> <hr/>	<hr/> <hr/>
– Diluted		<b>12.00 cents</b>	1.35 cents
		<hr/> <hr/>	<hr/> <hr/>

**Consolidated Balance Sheet**  
**At 31 December 2008**

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>2,183,468</b>	2,508,321
Interest in leasehold land held for own use under an operating lease		<b>14,444</b>	14,820
Investment properties		<b>5,159</b>	5,171
Interest in jointly controlled entities		–	3,529
Amount due from a jointly controlled entity		–	69,839
Club memberships		<b>5,537</b>	5,537
Prepaid expenses		<b>19,023</b>	14,137
Deferred tax assets		–	9,174
		<u><b>2,227,631</b></u>	<u>2,630,528</u>
<b>Current assets</b>			
Trade receivables, net	12	<b>67,143</b>	80,409
Deposits, prepayments and other receivables		<b>26,728</b>	23,240
Amount due from immediate holding company		<b>155</b>	101
Amount due from a jointly controlled entity		–	5,530
Other financial assets	13	<b>102,277</b>	–
Pledged bank deposits		<b>808</b>	83,749
Cash and cash equivalents		<b>121,541</b>	312,025
		<u><b>318,652</b></u>	<u>505,054</u>
<b>Current liabilities</b>			
Payables and accrued charges	14	<b>41,335</b>	38,727
Rentals received in advance		<b>40,608</b>	33,679
Loan from a minority shareholder		<b>6,088</b>	7,488
Secured bank borrowings due within one year		–	217,961
Current taxation		<b>98,242</b>	93,087
		<u><b>186,273</b></u>	<u>390,942</u>
<b>Net current assets</b>		<u><b>132,379</b></u>	<u>114,112</u>
<b>Total assets less current liabilities carried forward</b>		<u><b>2,360,010</b></u>	<u>2,744,640</u>

**Consolidated Balance Sheet (Continued)**  
**At 31 December 2008**

	<i>Note</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Total assets less current liabilities brought forward</b>		<b>2,360,010</b>	2,744,640
<b>Non-current liabilities</b>			
Secured bank borrowings due after one year		–	462,374
Deposits received		<b>23,093</b>	19,624
Deferred income		<b>209,370</b>	207,787
Deferred tax liabilities		<b>86,982</b>	66,164
		<b>319,445</b>	755,949
<b>Net assets</b>		<b>2,040,565</b>	1,988,691
<b>Capital and reserves</b>			
Share capital		<b>41,327</b>	41,327
Share premium		<b>1,287,536</b>	1,287,536
Contributed surplus		<b>511,000</b>	511,000
Capital reserve		<b>9,330</b>	9,557
Revaluation reserve		<b>368</b>	368
Exchange reserve		<b>7,212</b>	4,007
Other reserves		<b>123</b>	115
Accumulated profits		<b>183,669</b>	133,855
		<b>2,040,565</b>	1,987,765
<b>Minority interests</b>		–	926
<b>Total equity</b>		<b>2,040,565</b>	1,988,691

*Notes:*

## **1 STATEMENTS OF COMPLIANCE**

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (“IASB”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the IASB. As Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong, are consistent with IFRSs, these financial statements also comply with HKFRSs and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“listing rules”).

## **2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

The consolidated financial statements for the year ended 31 December 2008 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment property is stated at fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with IFRS and HKFRSs requires management judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## **3 SEGMENTAL REPORTING**

Segment information is presented in respect of the Group’s business and geographical segments. Business information is chosen as the primary reporting format because this is more relevant to the Group’s internal financial reporting.

Inter-segment pricing is based on terms similar to those available to external third parties.

## Business segments

The Group comprises two main business segments, namely provision of satellite transponder capacity and related services and provision of satellite-based broadcasting and telecommunications services.

	Provision of satellite transponder capacity and related services		Provision of satellite-based broadcasting and telecommunications services		Inter-segment elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover from external customers	385,391	395,032	18,153	56,453	-	-	403,544	451,485
Inter-segment turnover	11,115	14,028	1,357	1,260	(12,472)	(15,288)	-	-
<b>Total</b>	<b>396,506</b>	<b>409,060</b>	<b>19,510</b>	<b>57,713</b>	<b>(12,472)</b>	<b>(15,288)</b>	<b>403,544</b>	<b>451,485</b>
Service income							128	141
							403,672	451,626
Segment result	120,833	126,873	(8,904)	9,644	-	(2)	111,929	136,515
Service income							128	141
Unallocated other net income							68,859	26,560
Unallocated administrative expenses								
- staff costs							(48,990)	(47,792)
- office expenses							(30,211)	(34,024)
Profit from operations							101,715	81,400
Finance costs							(24,844)	(55,345)
Share of results of jointly controlled entities							2,397	(894)
Gain on disposal of a subsidiary							3,193	-
Gain on disposal of a jointly controlled entity							9,590	-
Profit before taxation							92,051	25,161
Income tax							(42,551)	(20,445)
Profit for the year							49,500	4,716
Depreciation for the year	212,011	216,557	2,459	5,904				
Impairment loss for the year	1,739	-	6,658	98				
Significant non-cash expenses (other than depreciation)	657	25	4,980	55				

## Business segments (continued)

	Provision of satellite transponder capacity and related services		Provision of satellite-based broadcasting and telecommunications services		Inter-segment elimination		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment assets	2,186,865	2,629,907	8,154	36,272	(35,465)	(41,872)	2,159,554	2,624,307
Investment in and amounts due from jointly controlled entities	-	78,898	-	-	-	-	-	78,898
Unallocated assets							386,729	432,377
Total assets							2,546,283	3,135,582
Segment liabilities	350,007	330,908	60,997	76,449	(35,465)	(41,872)	375,539	365,485
Unallocated liabilities							130,179	781,406
Total liabilities							505,718	1,146,891
Capital expenditure incurred during the year	7,098	9,343	359	1,340				

## Geographical segments

The Group's operating assets consist primarily of its satellites which are used, or are intended for use, for transmission to multiple countries but not located within a specific geographical area. Accordingly, no segment analysis of the carrying amount of segment assets by location of assets is presented.

In presenting information on the basis of geographical segments, segment revenue, segment assets and capital expenditure is based on the geographical location of customers.

	Hong Kong		Other regions in the PRC		Singapore		Indonesia		Others		Unallocated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover from external customers	54,292	65,065	165,162	170,758	53,976	61,486	77,235	90,505	53,007	63,812	-	-
Segment assets	10,892	6,794	19,548	39,070	7,731	3,894	25,105	16,499	3,867	14,152	2,479,140	3,055,173
Capital expenditure incurred during the year 2008	-	-	558	369	-	-	-	-	-	-	6,899	10,314

#### 4 OTHER NET INCOME

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Other net income primarily includes the following:		
Interest income	11,433	22,181
Rental income in respect of properties	549	592
Gain on disposal of property, plant and equipment	51,595	261
	<u>          </u>	<u>          </u>

#### 5 IMPAIRMENT LOSS RECOGNISED IN RESPECT OF PROPERTY, PLANT AND EQUIPMENT

During 2008, the Group conducted a review of the Group's property, plant and equipment and determined that certain assets were impaired as the recoverable amount of these assets is estimated to be less than their carrying amount. Accordingly, an impairment loss of HK\$8,397,000 (2007: HK\$98,000) in respect of a communication satellite, APSTAR IA, and TV uplink and broadcasting equipment has been recognised and charged to the income statement. It was concluded that no further impairment is required.

#### 6 FINANCE COSTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest on bank borrowings wholly repayable within five years	22,033	52,254
Other borrowing costs	2,811	3,091
	<u>          </u>	<u>          </u>
	<u>24,844</u>	<u>55,345</u>

#### 7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Auditors' remuneration		
– audit services	1,165	1,266
– other services	10	10
Depreciation	214,470	222,461
Amortisation on leasehold land held for own use	376	375
Foreign currency exchange gain	(687)	(2,251)
Operating lease charges: minimum lease payments		
– land and buildings and equipment	546	961
– satellite transponder capacity	4,533	4,830
Impairment loss on trade and other receivables	5,637	80
Impairment loss on property, plant and equipment	8,397	98
	<u>          </u>	<u>          </u>

## 8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Current tax – Overseas</b>		
Tax for the year	<b>12,560</b>	18,623
<b>Deferred tax – Hong Kong</b>		
Origination of temporary differences	<b>33,248</b>	1,822
Effect on deferred tax balances at 1 January resulting from a change in tax rate	<b>(3,257)</b>	–
	<b>29,991</b>	1,822
	<b>42,551</b>	20,445

Taxation is charged at the appropriate current rates of taxation ruling in the relevant countries.

The provision for Hong Kong Profits Tax was calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year. Overseas tax includes the withholding tax paid or payable in respect of Group's income from provision of satellite transponder capacity to the customers which are located outside Hong Kong.

In February 2008, the Hong Kong Government announced a decrease in the Profits Tax rate from 17.5% to 16.5% applicable to the Group's operations in Hong Kong as from the year ended 31 December 2008. This decrease is taken into account in the preparation of the Group's and the Company's 2008 financial statements. Accordingly, the provision for Hong Kong Profits Tax for 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the year and the opening balance of deferred tax has been re-estimated accordingly.

In November 2007, a subsidiary of the Company was requested to supply information to the Inland Revenue Department ("IRD") in respect of the nature of the gain arising from the disposal of certain transponders in 2006 and as to whether such transaction should be taxable. The subsidiary of the Company sent a reply letter to the IRD together with the requested relevant information. Up to the date of the audited financial statements, no assessment has yet been made by the IRD. Management believes such transaction should be treated as capital in nature and is in the process of gathering relevant documentary evidence to support its grounds; however, due to difficulty assessing the probability on the success of claiming the gain as non-taxable in nature, a tax provision of HK\$14,350,000 in respect of such transaction was made as of 31 December 2008.

## 9 GAIN ON DISPOSAL OF A SUBSIDIARY

Pursuant to a disposal agreement dated 2 April 2008, CTIA VSAT Network Limited (“CTIA”), a subsidiary of the Company, disposed of its entire equity interest in Beijing Asia Pacific East Communication Network Limited (“BAPECN”) to an independent third party at a total consideration of RMB4,800,000 (approximately HK\$5,327,710). Beijing Zhong Guang Xian Da Data Broadcast Technology Co Limited, a jointly controlled entity of the Company, in which BAPECN has 35% equity, was also disposed of as part of the sale.

Net assets disposed of:

	<b>2008</b> <b>HK\$'000</b>
Property, plant and equipment	8,160
Trade receivables	161
Deposits, prepayment and other receivables	287
Cash and bank balances	532
Payables and accrued charges	(3,767)
Rentals received in advance	(1,388)
Loan from a shareholder	(990)
	<hr/>
	2,995
Minority interest	(839)
Other reserves and exchange reserves	(1,011)
Waive on loan from CTIA	990
Gain on disposal of a subsidiary	3,193
	<hr/>
Consideration	<u>5,328</u>

## 10 GAIN ON DISPOSAL OF A JOINTLY CONTROLLED ENTITY

Pursuant to a disposal agreement dated 3 October 2008, the Group disposed of its entire equity interest in a jointly controlled entity, APT Satellite Telecommunications Limited (“APT Telecom”), to an independent third party at a consideration of HK\$88,550,000.

Net assets (representing the Group’s portion) disposed of:

	<b>2008</b> <b>HK\$'000</b>
Property, plant and equipment	78,100
Trade receivables	61
Deposits, prepayment and other receivables	1,172
Payables and accrued charges	(6,268)
Loan from a shareholder	(67,139)
	<hr/>
	5,926
Disposal cost	1,056
Gain on disposal of a jointly controlled entity	9,590
	<hr/>
Net consideration	<u>16,572</u>

## 11 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to shareholders of HK\$49,587,000 (2007: HK\$5,581,000) and the weighted average of 413,265,000 ordinary shares (2007: 413,265,000 shares) in issue during the year ended 31 December 2008.

### (b) Diluted earnings per share

Diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years 2008 and 2007.

## 12 TRADE RECEIVABLES, NET

The Group allows a credit period of 30 days to its trade customers. The following is an ageing analysis of trade receivables (net of allowance for doubtful debts) at the balance sheet date:

	The Group	
	2008	2007
	HK\$'000	HK\$'000
0 - 30 days	57,087	53,923
31 - 60 days	2,920	8,276
61 - 90 days	2,532	4,032
91 - 120 days	2,379	3,001
Over 120 days	2,225	11,177
	<u>67,143</u>	<u>80,409</u>

The trade receivables are expected to be recovered within one year.

## 13 OTHER FINANCIAL ASSETS

	The Group	
	2008	2007
	HK\$'000	HK\$'000
Financial assets at fair value through profit and loss		
– unlisted financial assets in the PRC	<u>102,277</u>	<u>–</u>

Other financial assets are unquoted, interest bearing debt securities with an effective interest rate of 1.45%, and with maturity dates in January 2009. The amounts have been fully settled at respective maturity dates. As at 31 December 2008, no other financial assets are individually determined to be past due or impaired.

#### 14 PAYABLES AND ACCRUED CHARGES

The ageing analysis of accounts payable and accrued charges as of the balance sheet date is as follows:

	The Group	
	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
0 – 3 months	5,979	9,072
4 – 6 months	–	–
7 - 9 months	–	–
9 - 12 months	–	–
	<hr/>	<hr/>
	5,979	9,072
Accrued expenses	35,356	29,655
	<hr/>	<hr/>
At 31 December	<b>41,335</b>	<b>38,727</b>
	<hr/> <hr/>	<hr/> <hr/>

All of the payables are expected to be settled within one year or are repayable on demand.

#### 15 CONTINGENT LIABILITIES

- (a) In the years before 1999, overseas withholding tax was not charged in respect of the Group's transponder utilisation income derived from the overseas customers. From 1999, overseas withholding tax has been charged on certain transponder utilisation income of the Group and full provision for such withholding tax for the years from 1999 onwards has been made in the financial statements. The Directors of the Company are of the opinion that the new tax rules should take effect from 1999 onwards and, accordingly, no provision for the withholding tax in respect of the years before 1999 is necessary. The Group's withholding tax in respect of 1998 and before, calculated at the applicable rates based on the relevant income earned in those years, not provided for in the financial statements amounted to approximately HK\$75,864,000.
- (b) The Company has given guarantees to banks in respect of the secured term loan facility granted to its subsidiary in previous years. The guarantees were terminated due to repayment of borrowings under the Loan Facility in full as at 31 December 2008 (2007: HK\$683,056,000).

## **HUMAN RESOURCES**

As at 31 December 2008, the Group had 85 employees (2007: 147). With regard to the emolument policy, the Group remunerates its employees in accordance with their respective responsibilities and current market trends. On 19 June 2001, the Company first granted share options under the share option scheme adopted at the annual general meeting on 22 May 2001 (“Scheme 2001”) to its employees including executive directors. On 22 May 2002, the Group adopted a new share option scheme (“Scheme 2002”) at the annual general meeting to comply with the requirements of the Rules (“Listing Rules”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). To further motivate employees for better contribution to the Group, the Group has also established an incentive bonus scheme.

The Group provides on the job training to employees to update and upgrade their knowledge on related job fields.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

Throughout the year of 2008, the Company has met the code provisions (“Code Provision”) set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules save for the following Code Provisions A4.1 and A4.2 respectively:

- the non-executive directors of the Company are not appointed for a specific term given they shall retire from office by rotation once every three years except the Chairman of the Board and the President in accordance with the Bye-Laws of the Company; and
- the Chairman of the Board and the President are not subject to retirement by rotation given that would help the Company in maintaining its consistency of making business decisions.

## **AUDIT COMMITTEE**

The Audit Committee of the Company at the meeting on 6 April 2009 has reviewed with the management the accounting principles and practices adopted by the Group and the accounts for the year ended 31 December 2008. It has also reviewed the results and statement of the Board on the effectiveness of the Group’s system of internal control and the independence of the Company’s auditors.

The audit committee comprised of four independent non-executive directors including Dr. Lui King Man, Dr. Huan Guocang, Dr. Lam Sek Kong and Mr. Cui Liguó.

## **PUBLICATION OF ANNUAL REPORT**

The Company's annual report for the year ended 31 December 2008 containing the information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the website of the Stock Exchange and the Company's website (www.apstar.com) in due course.

## **FORWARD-LOOKING STATEMENTS**

This announcement contains certain forward-looking statements, such as those that express with words "believes," "anticipates," "plans" and similar wordings. Such forward-looking statements involve inherent risks and uncertainties, and actual results could be materially different from those expressed or implied by them. As regards the factors, uncertainties as well as the risks, they are identified in the Company's most recently filed Form 20-F and reports on Form 6-K furnished to the US Securities and Exchange Commission.

## **NOTE OF APPRECIATION**

I would like to thank all our customers and friends for their support, as well as to express my appreciation to all staff of the Group for their contribution.

By Order of the Board  
**Rui Xiaowu**  
*Chairman*

Hong Kong, 7 April 2009

The Directors as at the date of this announcement are as follows:

*Executive Directors:*

Cheng Guangren (President), Tong Xudong (Vice President) and Qi Liang (Vice President)

*Non-Executive Directors:*

Rui Xiaowu (Chairman), Lim Toon, Yin Yen-liang, Wu Zhen Mu, Yong Foo Chong and Tseng Ta-mon (Alternate Director to Yin Yen-liang)

*Independent Non-Executive Directors:*

Huan Guocang, Lui King Man, Lam Sek Kong and Cui Ligu