APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 1045)

2009 ANNUAL 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 2009, which had been prepared in accordance with International Financial Reporting Standards and Hong Kong Financial Reporting Standards.

RESULTS

For the financial year ended 31 December 2009, the Group's turnover amounted to HK$578,115,000 (2008: HK$403,672,000), representing an increase of 43%; and profit attributable to equity shareholders amounted to HK$254,084,000 (2008: HK$49,587,000), representing an increase of 412%. Basic earnings per share was HK61.48 cents (2008: HK12.00 cents), representing an increase of 412%.

DIVIDENDS

In view of the need of the implementation of APSTAR 7 Satellite for the replacement of APSTAR 2R, the Board has resolved not to declare any payment of final dividend for the financial year ended 31 December 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2009, the APSTAR satellite systems have maintained fairly high utilization rates. The core business has grown rapidly as compared to 2008. 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. As announced by the Company on 10 July 2009, the case that one of the two beacon transmitters of APSTAR 5 has suffered from an anomaly has no impact on the normal operation of the satellite. During the period, the Group has terminated the 1999 Lease Agreement of APSTAR 2R and entered into a satellite procurement contract and a launch services contract of APSTAR 7, adding significant momentum to business growth and development of the Group.

APSTAR 5

APSTAR 5 commenced commercial operation in August 2004. It contains 38 C band and 16 Ku band transponders. As at 31 December 2009, its utilization rate attributable to APT's transponders was 80.5%.

APSTAR 6

APSTAR 6 commenced commercial operation in June 2005. It contains 38 C band and 12 Ku band transponders. As at 31 December 2009, its utilization rate was 70.8%.

APSTAR 2R

On 1 June 2009, APT Satellite Company Limited (APT-HK), a wholly-owned subsidiary of the Company, entered into a lease termination agreement with Telesat Canada and Telesat Asia Pacific Satellite (HK) Limited (jointly "Telesat") for the termination of the 1999 Lease Agreement of APSTAR 2R ("the Termination Lease Agreement). The transaction was closed on 9 July 2009. Upon closing of the transaction, Telesat's leasehold interest of the 43 transponders was terminated and the corresponding customer contracts of APSTAR 2R were assigned to APT-HK.

APSTAR 2R satellite, a FS1300 model satellite with 28 C-band and 16 Ku-band transponders, was launched in October 1997. The C-band transponders cover Europe, Asia, Africa, and Australia, approximately 75% of the world's population and Ku-band transponders mainly cover China and other peripheral countries and regions. As at 31 December 2009, its utilization rate was 87.4%.

APSTAR 7

APSTAR 7 is the replacement satellite of APSTAR 2R, which will expire at the end of 2012. On 29 September 2009, APT-HK has entered into a satellite procurement contract with Thales Alenia Space France (the "Satellite Procurement Contract"), for the manufacturing and delivering of APSTAR 7 Satellite. The satellite is a Spacebus 4000 C2 Platform with 28 C-band and 28 Ku-band high power geostationary communication satellite.

On 8 November 2009, APT-HK has entered into a launch services contract with China Great Wall Industry Corporation (the "Launch Services Contract"), for the launch and associated services of APSTAR 7 Satellite on launch vehicle LM-3B enhanced version at the Xichang Satellite Launch Center at Xichang in Sichuan Province, PRC.

The implementation of the Satellite Procurement Contract and the Launch Services Contract for APSTAR 7 have been smooth.

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. On 27 February 2010, the Broadcasting Authority of Hong Kong has granted a new Non-domestic Television Programme Service Licence to APT TV for a period of validity of 12 years and accepted the surrender of the Satellite TV Uplink and Downlink Licence. The Group's broadcasting services will be continued based on the newly granted Non-domestic Television Programme Service Licence.

SATELLITE TELECOMMUNICATION SERVICES AND FACILITY SERVICES

APT Telecom Services Limited, 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. Further, APT-HK has also signed an agreement with a multinational IT firm for the provision of advanced facility services to an internationally well known airliner for 12 years.

BUSINESS PROSPECTS

The global economy still has not fully recovered and there will be a lot of uncertainties in the supply and demand of transponders in the region. It is anticipated that market competition will continue to be fierce in 2010. However, APSTAR 2R will help increase the revenue of the Group and the successful implementation of APSTAR 7 Satellite Procurement and Launch Services will pave the solid ground for the rapid future development of the Group.

FINANCIAL

As at 31 December 2009, the Group's financial position is very strong with gearing ratio (total liabilities/total assets) is approximately at 27% (2008: 20%). The Liquidity Ratio (current assets/current liabilities) is at 0.97 times (2008: 1.71 times). The amount attributable to equity shareholders of the Group is HK$2,289,157,000. The Group has cash and cash equivalents amounting HK$275,930,000 and pledged bank deposit of approximately HK$8,300,000.

CORPORATE GOVERNANCE

During the year, the Company has completed the delisting of its American Depository Shares from the New York Stock Exchange and has terminated its registration with the Securities and Exchange Commission and its reporting obligations. The Group will continue to commit to high standard of corporate governance especially in internal control and compliance. Please refer to the Corporate Governance Report contained in the 2009 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.

Financial Highlights:

	2009	2008	Change
HK$ thousand			
Turnover	**578,115**	403,672	+43%
Gross profit	**256,066**	126,091	+103%
Profit after taxation	**254,084**	49,500	+413%
Profit attributable to shareholders	**254,084**	49,587	+412%
Basic Earnings per share *(HK cents)*	**61.48 cents**	12.00 cents	+49.48 cents
Total assets	**3,118,579**	2,546,283	+22%
Total liabilities	**829,422**	505,718	+64%
Gearing ratio *(%)*	**27%**	20%	+7%

The Group recorded a turnover and profit after taxation of HK$578,115,000 and HK$254,084,000 for 2009. The turnover and profit attributable to shareholders increased by 43% and 412% as compared to last year. The increase in net profit was principally the result of the following factors:

Satellite Transponder Capacity Services and Related Services

Revenue from Satellite Transponder Capacity Services and Related Services for the year ended 31 December 2009 increased by approximately 45% to HK$557,749,000, as compared to revenues of HK$385,391,000 for last year. The increase of revenue was primarily due to certain customer contracts related to APSTAR 2R have been assigned to the Group after the Group has completed the termination of the 1999 lease agreement and the ancillary agreement on 9 July 2009. Details of the Termination Lease Agreement transaction are set out in the announcement dated 1 June 2009 and 9 July 2009 and the circular dated 22 June 2009. In addition, the revenue from APSTAR 5 and APSTAR 6 also increased.

Satellite-based broadcasting and telecommunications services

Revenue from Satellite-based Broadcasting and Telecommunications Services for the year ended 31 December 2009 slightly increased to HK$18,388,000, as compared to revenue of HK$18,153,000 for last year. This was primarily due to increase in demand of VSAT (Very Small Aperture Telecommunication) services.

Finance costs

The finance costs decreased by 80% to HK$4,868,000 for the year ended 31 December 2009. This was primary due to the Group incurred finance costs of HK$24,844,000 for the year ended 31 December 2008 under APSTAR 5 and APSTAR 6 banking facility which have been fully repaid during 2008. For the year ended 31 December 2009, the Group has drawn down US$30,000,000 (approximately HK$234,000,000) under the new general banking facilities of which US$3,000,000 was repaid before year end. The interest from new bank borrowing of HK$2,466,000 was incurred during the year.

Other net income

Other net income, which mainly consisted of a gain of HK$30,149,000 arising from the disposal of two transponders of APSTAR 5. In addition, interest income of HK$1,419,000 was recognised for the year ended 31 December 2009, a decrease of HK$10,014,000 as compared to last year, which was largely the result of the decrease of average bank deposit amount and interest rates on bank deposits during the year.

Gain on disposal of a subsidiary

The Group sold its entire interest in Beijing Asia Pacific East Communication Network Limited on 2 April 2008 at a gain of HK$3,193,000. There was no disposal of any subsidiary during the year.

Share of result and gain on disposal of a jointly controlled entity

The Group sold its entire interest in APT Satellite Telecommunications Limited ("APT Telecom") on 3 October 2008. The share of result of APT Telecom and the gain on disposal of APT Telecom were HK$2,397,000 and HK$9,590,000, respectively for the year ended 31 December 2008. There was no disposal of any jointly controlled entity in 2009.

Gain from liquidation of a subsidiary

During the year, CTIA VSAT Network Limited ("CTIA"), a subsidiary of the Company entered into voluntary liquidation and a gain of HK$6,146,000 was recognised.

Income Tax

The Group recorded income tax credit of HK$42,180,000 for the year ended 31 December 2009, mainly due to a deferred tax credit was recognised as a result of the Termination Lease Agreement in relation to APSTAR 2R. The details of income tax of the Group are set out in note 9 to this results announcement.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

The Group's capital expenditure incurred for fixed assets and intangible assets was HK$789,013,000 in 2009 (2008: HK$7,457,000). The increase was mainly due to the payment made for acquisition of APSTAR 2R for the consideration of HK$538,564,000; the progress payment of HK$243,553,000 for the construction of the APSTAR 7 and payment of HK$6,896,000 for new addition of equipment.

During the year, the Group entered into an arrangement of general banking facilities (the "Banking Facilities") with Bank of China (Hong Kong) Limited. The Banking Facilities, including a term loan facility in the maximum loan amount of US$50,000,000, was applied to finance the Termination Lease Agreement and working capital requirements of the Group. The Banking Facilities is secured by certain properties of the Group, the assignment of revenue to be generated from service contracts relating to APSTAR 2R and APSTAR 5, APSTAR 2R insurance claim proceeds, and charge over a charged account which holds certain customer deposits and payments received on services to be provided by APSTAR 2R.

For the year ended 31 December 2009, US$30,000,000 (approximately HK$234,000,000) has been drawn down and US$3,000,000 (approximately HK$23,400,000) has been repaid pursuant to the repayment schedule of the Banking Facilities. Total outstanding secured bank loan as at 31 December 2009 amounted to HK$209,731,000. The debt maturity profile (net of unamortised finance cost) of the Group was as follows:

Year of Maturity	*HK$*
Repayable within 1 year or on demand	69,690,000
Repayable after one year but within five years	140,041,000
	209,731,000

As at 31 December 2009, the Group's total liabilities were HK$829,422,000, an increase of HK$323,704,000 as compared to 31 December 2008, which was mainly due to the secured bank loan as described above. As a result, the gearing ratio (total liabilities/total assets) has increased to 27%, representing a 7% increase as compared to 31 December 2008.

For the year ended 31 December 2009, the Group recorded a net cash inflow of HK$154,389,000 (2008: net cash outflow of HK$192,906,000) which included net cash inflow from operating activities of HK$421,337,000 and net cash of HK$206,542,000 generated from financing activities. This was offset by the net cash of HK$473,490,000 used in investing activities.

The increase in cash inflow from operating activities as compared to last year was due to the increase in turnover for APSTAR 2R, APSTAR 5 and APSTAR 6. Net cash used in investing activities was mainly due to progress payment made for the construction of APSTAR 7 and the payment made for the acquisition of APSTAR 2R. Net cash inflow generated from financing activities was mainly due to new bank borrowings of HK$232,830,000.

As at 31 December 2009, the Group has approximately HK$275,930,000 cash and cash equivalents and HK$8,300,000 pledged deposits. Together with cash flow to be generated from operations, the Group could meet with ease all the debt repayments scheduled in the coming year.

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 a solid foundation for the Group's future development.

Foreign exchange exposure

Revenue of the Group was mainly in 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 and Euro; the remaining expenses were primarily denominated in the Hong Kong Dollar. 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 stablised. Management expects that the exchange rate of Renminbi in coming year does not have a material adverse foreign exchange risk to the Group.

During the year, the Group entered into a satellite procurement contract at a contract price of approximately Euro 128,500,000. In order to meet the coming payable progress payment, the Group maintained cash balance of Euro 12,817,000 as at 31 December 2009. The Group presently does not engage in any foreign currency hedging activities. However, conservative approach is adopted on monitoring foreign exchange exposure. Forward contracts will be considered to hedge the foreign currency exposure in trading and capital expenditures when it is considered appropriate.

Charges on group assets

At 31 December 2009, the pledged bank deposits of HK$8,300,000 (2008: HK$808,000) are related to certain commercial arrangements and Banking Facilities during the year.

At 31 December 2009, a letter of guarantee issued by a bank to a subsidiary of the Company is secured by the Group's land and buildings with a net book value of approximately HK$4,305,000 (2008: HK$4,422,000).

Capital commitments

As at 31 December 2009, the Group has outstanding capital commitments of HK$1,189,481,000 (2008: HK$534,000), which was contracted but not provided for in the Group's financial statements, mainly in respect of the progress payment for the construction of a satellite.

Contingent liabilities

The details of contingent liabilities of the Group are set out in note 16 of this results announcement.

FINANCIAL HIGHLIGHTS

Consolidated Income Statement

For the year ended 31 December 2009

(Expressed in Hong Kong dollars)

	Note	**2009** **$'000**	2008 $'000
Turnover	4	**578,115**	403,672
Cost of services		**(322,049)**	(277,581)
Gross profit		**256,066**	126,091
Other net income	5	**35,535**	68,871
Administrative expenses		**(80,680)**	(84,838)
Valuation losses on investment properties		**(295)**	(12)
Impairment loss recognised in respect of property, plant and equipment	6	**–**	(8,397)
Profit from operations		**210,626**	101,715
Finance costs	7	**(4,868)**	(24,844)
Gain from liquidation of a subsidiary	10	**6,146**	–
Share of results of jointly controlled entities		**–**	2,397
Gain on disposal of a subsidiary		**–**	3,193
Gain on disposal of a jointly controlled entity		**–**	9,590
Profit before taxation	8	**211,904**	92,051
Income tax credit/(expenses)	9	**42,180**	(42,551)
Profit for the year		**254,084**	49,500
Attributable to:			
Equity shareholders of the Company		**254,084**	49,587
Minority interests		**–**	(87)
Profit for the year		**254,084**	49,500
Earnings per share	11		
– Basic		**61.48 cents**	12.00 cents
– Diluted		**61.48 cents**	12.00 cents

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2009

(Expressed in Hong Kong dollars)

	2009	2008
	$'000	*$'000*
Profit for the year	**254,084**	49,500
Other comprehensive income for the year (after tax and reclassification adjustment)		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	**(5,492)**	3,205
Others	**–**	8
Total comprehensive income for the year	**248,592**	52,713
Attributable to:		
Equity shareholders of the Company	**248,592**	52,800
Minority interests	**–**	(87)
Total comprehensive income for the year	**248,592**	52,713

Consolidated Balance Sheet at 31 December 2009

(Expressed in Hong Kong dollars)

	Note	**2009** **$'000**	2008 $'000
Non-current assets			
Property, plant and equipment		**2,521,953**	2,183,468
Interest in leasehold land held for own use under an operating lease		**14,068**	14,444
Investment properties		**4,864**	5,159
Intangible asset	12	**133,585**	–
Club memberships		**5,537**	5,537
Prepaid expenses		**25,547**	19,023
		2,705,554	2,227,631
Current assets			
Trade receivables, net	13	**116,846**	67,143
Deposits, prepayments and other receivables		**11,730**	26,728
Amount due from immediate holding company		**219**	155
Other financial assets	14	**–**	102,277
Pledged bank deposits		**8,300**	808
Cash and cash equivalents		**275,930**	121,541
		413,025	318,652
Current liabilities			
Payables and accrued charges	15	**198,859**	41,335
Rentals received in advance		**59,411**	40,608
Loan from a minority shareholder		**–**	6,088
Secured bank borrowings due within one year		**69,690**	–
Current taxation		**96,997**	98,242
		424,957	186,273
Net current (liabilities)/assets		**(11,932)**	132,379
Total assets less current liabilities carried forward		**2,693,622**	2,360,010

Consolidated Balance Sheet at 31 December 2009 (Continued)

(Expressed in Hong Kong dollars)

	Note	**2009**	2008
		$'000	*$'000*
Total assets less current liabilities brought forward		**2,693,622**	2,360,010
Non-current liabilities			
Secured bank borrowings due after one year		**140,041**	–
Deposits received		**36,247**	23,093
Deferred income		**195,550**	209,370
Deferred tax liabilities		**32,627**	86,982
		404,465	319,445
Net assets		**2,289,157**	2,040,565
Capital and reserves			
Share capital		**41,327**	41,327
Share premium		**1,287,536**	1,287,536
Contributed surplus		**511,000**	511,000
Capital reserve		**9,217**	9,330
Revaluation reserve		**368**	368
Exchange reserve		**1,720**	7,212
Other reserves		**212**	123
Accumulated profits		**437,777**	183,669
Total equity		**2,289,157**	2,040,565

(Expressed in Hong Kong dollars)

Notes:

1 STATEMENT 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

The consolidated financial statements for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as the "Group").

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.

The preparation of financial statements in conformity with IFRSs 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 CHANGES IN ACCOUNTING POLICIES

The IASB has issued one new IFRS, a number of amendments and new interpretations that are first effective for the current accounting period of the Group and the Company. The equivalent new HKFRS, amendments and new interpretations, consequently issued by the HKICPA have the same effective date as those issued by the IASB and are in all material respects identical to the pronouncements issued by the IASB.

Of these, the following developments are relevant to the Group's financial statements:

- IFRS/HKFRS 8, *Operating segments*

- IAS/HKAS 1 (revised 2007), *Presentation of financial statements*

- Amendments to IAS 27/HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*

- Amendments to IFRS/HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*

- IAS/HKAS 23 (revised 2007), *Borrowing costs*

- Amendments to IFRS/HKFRS 2, *Shared-based payment – vesting conditions and cancellations*

The amendments to IAS/HKAS 23 and IFRS/HKFRS 2 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to IFRS/HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the Group's financial statements. The impact of the remainder of these developments on the Group's financial statements is as follows:

- IFRS/HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. During the year ended 31 December 2009, the Group adopted IFRS/HKFRS 8 which has no effect on the disclosures of the consolidated financial statements as the presentation of segment information in prior years, which was based on a disaggregation of the Group's financial statements into segments, has been prepared in a manner that was consistent with internal reporting provided to the Group's most senior executive management.

- As a result of the adoption of IAS/HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in the Group's financial statements and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

- The amendments to IAS/HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

4 SEGMENTAL REPORTING

The Group manages its businesses by service offering and geography. In a manner consistent with the internal reporting to the Group's most senior executive for the purposes of assessing segment performance and making decisions about operating matters, the Group continues to maintain two main business segments, namely provision of satellite transponder capacity and related services and provision of satellite-based broadcasting and telecommunications services; the Group's total segmental turnover is further disaggregated based on the geographical locations of customers.

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

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and current assets with the exception of investment properties, club memberships and other corporate assets. Segment liabilities included payables and accrued charges, rental received in advance, current taxation, deposits received, deferred income and bank borrowings managed directly by the segments.

Turnover and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Additionally, segment turnover, on an aggregate basis, are allocated based on the geographical locations of customers.

Business segments

The following table represents turnover and profit information for business segments for the year ended 31 December 2009 and 2008.

	Provision of satellite transponder capacity and related services		Provision of satellite-based broadcasting and telecommunications services		Inter-segment elimination		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Turnover from external customers	**557,749**	385,391	**18,388**	18,153	**–**	–	**576,137**	403,544
Inter-segment turnover	**10,400**	11,115	**–**	1,357	**(10,400)**	(12,472)	**–**	–
Total	**568,149**	396,506	**18,388**	19,510	**(10,400)**	(12,472)	**576,137**	403,544
Service income							**1,978**	128
							578,115	403,672
Segment result	**247,222**	120,833	**5,404**	(8,904)	**–**	–	**252,626**	111,929
Service income							**1,978**	128
Unallocated other net income							**35,240**	68,859
Unallocated administrative expenses								
– staff costs							**(46,032)**	(48,990)
– office expenses							**(33,186)**	(30,211)
Profit from operations							**210,626**	101,715
Finance costs							**(4,868)**	(24,844)
Gain from liquidation of a subsidiary							**6,146**	–
Share of results of jointly controlled entities							**–**	2,397
Gain on disposal of a subsidiary							**–**	3,193
Gain on disposal of a jointly controlled entity							**–**	9,590
Profit before taxation							**211,904**	92,051
Income tax credit/(expenses)							**42,180**	(42,551)
Profit for the year							**254,084**	49,500

Business segments (Continued)

	Provision of satellite transponder capacity and related services		Provision of satellite-based broadcasting and telecommunications services		Inter-segment elimination		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Depreciation for the year	**264,321**	212,011	**352**	2,459			**264,673**	214,470
Impairment loss for the year	**–**	1,739	**–**	6,658			**–**	8,397
Significant non-cash expenses (other than depreciation)	**811**	657	**651**	4,980			**1,462**	5,637
Capital expenditure incurred for fixed assets and intangible assets during the year	**788,773**	7,098	**240**	359			**789,013**	7,457

	Provision of satellite transponder capacity and related services		Provision of satellite-based broadcasting and telecommunications services		Inter-segment elimination		Consolidated	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Segment assets	**2,853,238**	2,186,865	**10,385**	8,154	**(43,743)**	(35,465)	**2,819,880**	2,159,554
Investment properties							**4,864**	5,159
Club memberships							**5,537**	5,537
Unallocated assets							**288,298**	376,033
Total assets							**3,118,579**	2,546,283
Segment liabilities	**389,027**	350,007	**48,254**	60,997	**(43,743)**	(35,465)	**393,538**	375,539
Deferred tax liabilities							**32,627**	86,982
Unallocated liabilities							**403,257**	43,197
Total liabilities							**829,422**	505,718

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.

The following table represents aggregate turnover based on geographical locations of customers for the year ended 31 December 2009 and 2008.

	Hong Kong		Other regions in the PRC		Singapore		Indonesia		Others		Total	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Turnover from external customers	**63,958**	54,292	**151,755**	165,162	**82,094**	53,976	**108,548**	77,235	**171,760**	53,007	**578,115**	403,672

5 OTHER NET INCOME

	2009	2008
	$'000	*$'000*
Other net income primarily includes the following:		
Interest income	**1,419**	11,433
Rental income in respect of properties	**485**	549
Gain on disposal of property, plant and equipment	**30,149**	51,595

6 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 was estimated to be less than their carrying amount. Accordingly, an impairment loss of $8,397,000 in respect of a communication satellite, APSTAR 1A, and TV uplink and broadcasting equipment was recognised and charged to profit and loss in 2008. Based on the Group's assessment, no impairment loss is required in 2009.

7 FINANCE COSTS

	2009	2008
	$'000	*$'000*
Interest on bank borrowings wholly repayable within five years	**2,466**	22,033
Interest expense on deferred consideration	**2,101**	–
Other borrowing costs	**301**	2,811
	4,868	24,844

8 PROFIT BEFORE TAXATION

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

	2009	2008
	$'000	*$'000*
Auditors' remuneration		
– audit services	**1,137**	1,165
– tax services	**120**	–
– other services	**365**	10
Depreciation	**264,673**	214,470
Amortisation on leasehold land held for own use	**376**	376
Foreign currency exchange loss/(gain)	**309**	(687)
Operating lease charges: minimum lease payments		
– land and buildings and equipment	**450**	546
– satellite transponder capacity	**3,483**	4,533
Impairment loss on trade and other receivables	**1,462**	5,637
Recovery of bad debts previously written off	**(677)**	–
Impairment loss on property, plant and equipment	**–**	8,397

9 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2009	2008
	$'000	*$'000*
Current tax – Overseas		
Tax for the year	**12,175**	12,560
Deferred tax – Hong Kong		
Origination of temporary differences	**(54,355)**	33,248
Effect on deferred tax balances resulting from a change in tax rate	**–**	(3,257)
	(54,355)	29,991
Actual tax (credit)/expense	**(42,180)**	42,551

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% (2008: 16.5%) of the estimated assessable profits for the year. Overseas tax includes the profits tax and 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.

10 GAIN FROM LIQUIDATION OF A SUBSIDIARY

Pursuant to the resolution dated 22 May 2009, CTIA VSAT Network Limited ("CTIA"), a subsidiary of the Company entered into voluntary liquidation. CTIA has been dissolved on 13 January 2010 and a gain of $6,146,000 was recognised on liquidation.

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 $254,084,000 (2008: $49,587,000) and the weighted average of 413,265,000 ordinary shares (2008: 413,265,000 shares) in issue during the year ended 31 December 2009.

(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 2009 and 2008.

12 INTANGIBLE ASSET

The carrying amount of acquired intangible asset not subject to amortisation consists of the following:

	The Group	
	2009	2008
	$'000	*$'000*
Orbital slot	**133,585**	–

The Group has obtained the right to operate satellite at an orbital slot through the Termination Lease Agreement. Such intangible asset is considered to have an indefinite life where the Group has a high probability that it will be able to successfully re-apply for the right as and when it expires.

The recoverable amount of the intangible asset is estimated based on value-in-use calculation by discounting future cash flows annually. The cash flows used in the calculation is based on the most up-to-date budgets and plans formally approved by management for the three years ending 31 December 2012 with subsequent transition to perpetuity. Subsequent to 2012, the estimated income derived from provision of satellite transponder capacity and related services to perpetuity is used which complies with general expectations for the business. The present value of cash flows is calculated by discounting with a discount rate of approximately 6.6%.

No impairment of the intangible asset is recorded as of 31 December 2009.

13 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	
	2009	2008
	$'000	*$'000*
0 – 30 days	**80,017**	57,087
31 – 60 days	**18,742**	2,920
61 – 90 days	**5,025**	2,532
91 – 120 days	**4,866**	2,379
Over 120 days	**8,196**	2,225
	116,846	67,143

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

14 OTHER FINANCIAL ASSETS

	The Group	
	2009	2008
	$'000	*$'000*
Financial assets at fair value through profit and loss		
– unlisted financial assets in the PRC	**–**	102,277

Other financial assets as at 31 December 2008 were unquoted, interest bearing debt securities with an effective interest rate of 1.45%, and have been fully settled during the year.

15 PAYABLES AND ACCRUED CHARGES

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

	The Group	
	2009	2008
	$'000	*$'000*
0 – 3 months	**115,125**	5,979
4 – 6 months	**–**	–
7 – 9 months	**–**	–
9 – 12 months	**–**	–
	115,125	5,979
Accrued expenses	**83,734**	35,356
At 31 December	**198,859**	41,335

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

16 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 $75,864,000.

(b) The Company has given guarantees to bank in respect of the Banking Facilities granted to its subsidiary. The extent of such Banking Facilities utilized by the subsidiary at 31 December 2009 amounted to $210,600,000 (2008: nil).

HUMAN RESOURCES

As at 31 December 2009, the Group had 88 employees (2008: 85). 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 its 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 its 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 2009, the Company has complied with 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:

A4.1: 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

A4.2: 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 held on 25 March 2010, has reviewed with the management the accounting principles and practices adopted by the Group and the accounts for the year ended 31 December 2009. 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 of the Company comprised of three Independent Non-executive Directors including Dr. Lui King Man (Chairman), Dr. Lam Sek Kong and Mr. Cui Liguo.

PUBLICATION OF ANNUAL REPORT

The Company's annual report for the year ended 31 December 2009 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.

NOTE OF APPRECIATION

I would like to take this opportunity to sincerely express my gratitude to Mr. Tong Xudong and Dr. Huan Guocang for their services in the Group and the Board over the past years, and sincerely thank all the staff of the Group for their unremitting effort and valuable contribution during the period.

By Order of the Board
Rui Xiaowu
Chairman

Hong Kong, 26 March 2010

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

Executive Directors:
Cheng Guangren (President) and Qi Liang (Vice President)

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

Independent Non-executive Directors:
Lui King Man, Lam Sek Kong and Cui Liguo