APSTAR by APT Satellite

亞太衛星控股有限公司*

APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1045)

2015 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 consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

RESULTS

Revenue

In 2015, the Group's revenue amounted to HK$1,194,411,000 (2014: HK$1,247,518,000), representing a decrease of 4.3% amounting to HK$53,107,000 as compared to 2014.

Profit before taxation

In 2015, the Group's profit before taxation amounted to HK$626,135,000 (2014: HK$618,789,000), representing an increase of 1.2% amounting to HK$7,346,000 as compared to 2014.

Profit attributable to equity shareholders

In 2015, the Group's profit attributable to equity shareholders amounted to HK$513,831,000 (2014: HK$508,045,000). Basic earnings per share and diluted earnings per share were HK55.09 cents (2014 (restated): HK54.47cents).

DIVIDENDS

During the year, the Company has declared and paid an interim dividend in cash of HK3.50 cents per share. The Board has resolved to declare a final dividend in cash of HK5.00 cents per share for the financial year ended 31 December 2015 (2014 (restated): HK4.67 cents). The final dividend is conditional, upon the passing of the relevant resolution at the forthcoming annual general meeting which will be held on Monday, 30 May 2016. The final dividend will be paid on or about Thursday, 23 June 2016 to shareholders whose names appear on the register of members at the close of business on Tuesday, 7 June 2016.

* *For identification purpose only*

BUSINESS REVIEW

In-Orbit Satellites

During the year, the Group's in-orbit satellites and their corresponding ground TT&C (telemetry, tracking and command) systems and earth station have been operating under normal condition during the period and continue to provide reliable and high quality services to the Group's customers. As at 31 December 2015, the overall average transponder utilisation rate of the Group's satellites was 65.92%.

The Group's in-orbit satellites, namely, APSTAR-5, APSTAR-6, APSTAR-7 and APSTAR-9, have integrated to form the super wide and strong satellite service capability provided to Asia, Australia, Middle East, Africa, Europe, and the Asia Pacific region, covering more than 75% of the world's population.

APSTAR-5 Satellite

APSTAR-5, positioned at 138 degree East geostationary orbital slot, with footprints covering Asia, Australia, New Zealand, Pacific Islands and Hawaii. The Group holds 20 C-band transponders and 9 Ku-band transponders of this satellite. As at 31 December 2015, the utilisation rate of APSTAR-5 was 75.22%. The Group has commissioned APSTAR-5C as the replacement satellite programme for APSTAR-5.

APSTAR-6 Satellite

APSTAR-6, positioned at 134 degree East geostationary orbital slot, is equipped with 38 C-band transponders and 12 Ku-band transponders with footprints covering the regions in Asia, Australia, New Zealand, Pacific Islands and Hawaii. As of 31 December 2015, the utilisation rate of APSTAR-6 was 80.82%. The Group has commissioned APSTAR-6C, the replacement satellite for APSTAR-6.

APSTAR-7 Satellite

APSTAR-7, positioned at 76.5 degree East geostationary orbital slot, is equipped with 28 C-band transponders and 28 Ku-band transponders with footprints covering up to 75% of the World's population in Asia Pacific Region, Middle East, Africa and Europe. As of 31 December 2015, the utilisation rate of APSTAR-7 was 65.02%.

APSTAR-7B Satellite

APSTAR-7B is the backup satellite for APSTAR-7. Subsequent to the successful launch of APSTAR-7 in 2012, APSTAR-7B has already been transferred to China Satellite Communications Company Limited ("China Satcom"), and was launched and positioned at 87.5 degree East geostationary orbital slot with footprints covering Asia Pacific Region, Middle East and Africa. Starting from the second half of 2013, the Group may lease from China Satcom certain transponder capacities of APSTAR-7B and provide transponder services of the satellite to customers for expanding customer base and market reach.

APSTAR-9 Satellite

APSTAR-9 was successfully launched to the designated orbit on 17 October 2015 on board of Long March 3B/E launch vehicle of China Great Wall Industry Corporation ("CGWIC"). APSTAR-9 is the replacement satellite of APSTAR-9A. APSTAR-9 is a high power geostationary communication satellite based on DFH-4 series platform, with 32 C-band transponders and 14 Ku-band transponders. APSTAR-9 was located at 142 degree East geostationary orbital slot. The commercial operation of the APSTAR-9 started on 16 December 2015. It has replaced APSTAR-9A and took over the whole customer base of APSTAR-9A. As of 31 December 2015, the utilisation rate of APSTAR-9 was 47.84%.

Future Satellites

APSTAR-5C Satellite

On 23 December 2015, APT Satellite Company Limited, a wholly-owned subsidiary of the Group, entered into a Satellite Transponder Agreement with Telesat International Limited, a wholly-owned subsidiary of Telesat Canada, in relation to the whole lifetime leasing of approximately 36.204 transponders representing approximately 57.47% of the total transponders capacities on APSTAR-5C.

APSTAR-5C is the replacement satellite for APSTAR-5. It is important for the Group to develop and launch APSTAR-5C, in replacing APSTAR-5, for the continuity of the business and sustained reliable services to existing APSTAR-5 customers. APSTAR-5C is scheduled to be launched in the first quarter of 2018, will carry additional transponder in expanded coverages, including regional high throughput capacities to satisfy future market demand so as to maintain the competitive edge of the Group.

APSTAR-6C Satellite

On 17 October 2015, APT Satellite Company Limited, a wholly-owned subsidiary of the Group, entered into a Satellite Contract with China Great Wall Industry (Hong Kong) Corp. Limited, a wholly-owned subsidiary of China Great Wall Industry Corporation, in relation to the manufacturing, delivery and launching of the APSTAR-6C. The satellite, which is based on a DFH-4 series platform having 26 C-band transponders, 19 Ku-band/Ka-band transponders, is a high power geostationary communications satellite. APSTAR-6C is the replacement satellite for APSTAR-6 and is scheduled to be launched in the first quarter of 2018 for in-orbit delivery.

The Group develops and launches a new satellite built with the latest advanced technology and versatile footprint coverage to replace the existing satellite in order to maintain business continuity of the Group's customers and to enhance its edge in market competition over the region and to sustain business growth with both conventional and high throughput transponder capacities.

TRANSPONDER LEASE SERVICES

During 2015, the fierce market competition due to oversupply situation in transponder market and the commercial operation of APSTAR-9 have resulted in the significant decrease in the overall average transponder utilisation rate of the Group's satellites to 65.92% representing approximately a drop of 10.9%. However, the Group has maintained satisfactorily high utilisation rates which ensure promising contribution for continuous profitability. With the successful commercial operation of APSTAR-9, all customers have successfully migrated from APSTAR-9A to APSTAR-9. The new member of the APSTAR Satellite will remarkably enhance the Group's customer-base and market outreach in the Asia Pacific region.

SATELLITE TV BROADCASTING AND UPLINK SERVICES

The Group's wholly-owned subsidiary, APT Satellite TV Development Limited, provides satellite TV broadcasting services under its Non-domestic Television Programme Service Licence, supporting the Group's new business growth by means of MCPC Platform Uplink Services.

SATELLITE-BASED TELECOMMUNICATION SERVICES

The Group continues to provide satellite-based external telecommunication services such as VSAT, facilities management services, satellite telecommunication and satellite television uplink services under its new Unified Carrier Licence of Hong Kong newly obtained in the first half of 2015 to telecommunication operators or customers including satellite operators and Internet service providers in the region.

DATA CENTRE SERVICES

APT Group has expanded its telecommunication services to data centre services with its existing facilities and earth station as one of the value-added services for its customers to create synergic effect with satellite services, broadcasting services and telecommunication services.

BUSINESS PROSPECTS

Looking into 2016, the oversupply situation of transponder market will continue in the Asia Pacific region, Middle East and African region. The market competition of the satellite industry will continue to be fierce and subject to substantial price downward pressure. Nevertheless, the commercial operation of APSTAR-9 will enhance the continuing business growth and development potential of the Group. The transponder utilisation rates of the Group's satellites, APSTAR-5, APSTAR-6, and APSTAR-7, will continue to be at satisfactorily high level. Meanwhile, the utilisation rate of APSTAR-9 will gradually go up and become one of the growth potential of the Group. The Group will continue to strengthen its competitive edges in market competition and achieve synergic effect from various value-added services in TV broadcasting services, telecommunication services and data centre services as well as the future high throughput transponder capacities for achieving business and profit growth.

FINANCIAL REVIEW

As at 31 December 2015, the Group's financial position remains very strong. The table below sets out the financial performance for the years ended 31 December 2015 and 31 December 2014:

	Financial Highlights		
	2015	2014	
	HK$'000	*HK$'000*	**Change**
Revenue	**1,194,411**	1,247,518	**-4.3%**
Gross profit	**728,513**	779,828	**-6.6%**
Profit before taxation	**626,135**	618,789	**+1.2%**
Profit attributable to shareholders	**513,831**	508,045	**+1.1%**
Basic earnings per share (HK cents) *(note 1)*	**55.09**	54.47	**+1.1%**
EBITDA *(note 2)*	**897,618**	957,425	**-6.2%**
EBITDA Margin (%)	**75.2%**	76.7%	**-1.5%**

	At 31 December		
	2015	2014	
	HK$'000	*HK$'000*	**Change**
Total cash and bank balance	**1,253,155**	1,627,770	**-23.0%**
Total assets	**6,141,254**	6,564,257	**-6.4%**
Total liabilities	**1,690,889**	2,554,755	**-33.8%**
Net assets per share (HK$) *(note 3)*	**4.77**	4.30	**+10.9%**
Gearing ratio (%)	**27.5%**	38.9%	**-11.4%**
Liquidity ratio	**3.28 times**	2.14 times	**+1.14 times**

Note 1: Basic earnings per share for the year ended 31 December 2014 had been restated for the impact of the bonus issue of shares as explained in note 18(b) of this announcement.

Note 2: EBITDA is defined as earnings before interest expenses and other finance costs, taxation, depreciation and amortisation.

Note 3: Net assets per share for the year ended 31 December 2014 had been restated for the impact of the bonus issue of shares as explained in note 18(b) of this announcement.

Revenue

	2015 *HK$'000*	2014 *HK$'000*	Change
Income from provision of satellite transponder capacity and related services	**1,156,114**	1,213,627	**-4.7%**
Income from provision of satellite-based broadcasting and telecommunications services	**26,490**	26,216	**+1.0%**
Service income	**11,807**	7,675	**+53.8%**
Total	**1,194,411**	1,247,518	**-4.3%**

For the year ended 31 December 2015, total revenue decreased by 4.3% to HK$1,194,411,000 mainly because certain transponder leasing contracts were not renewed after expiration. This resulted in a decrease in the average transponder utilisation rate of the Group's satellites as comparing to 2014.

Other net income

	2015 *HK$'000*	2014 *HK$'000*	Change
Interest income on bank deposits and other interest income	**47,013**	44,494	**+5.7%**
Foreign currencies exchange loss	**(39,552)**	(26,302)	**+50.4%**
Rental income in respect of properties	**1,146**	794	**+44.3%**
Other service income	**58,442**	6,085	**>100%**
Gain on disposal of investment	**1,461**	2,210	**-33.9%**
Other income	**400**	400	**0%**
Total	**68,910**	27,681	**>100%**

Total other net income for the year ended 31 December 2015 increased by 148.9% to HK$68,910,000. The increase was mainly because during the year ended 31 December 2015, the Group received a refund of prepayment ("the Refund") from a fellow subsidiary related to the Launch Service Contract as set out in the Company's announcement dated 17 August 2012. In accordance with that Launch Service Contract, the amount of the Refund equals to the prepayment amount paid by the Group plus US$7,000,000 (approximately HK$54,600,000). The amount of HK$54,600,000 was recognised as other service income.

The increase was partially offset by a loss on foreign exchange, which was mainly due to the Renminbi depreciated against the Hong Kong dollar as at 31 December 2015.

Impairment loss recognised in respect of property, plant and equipment

During the year ended 31 December 2015, the Group conducted a review on its property, plant and equipment and determined that the recoverable amount of data centre equipment is estimated to be less than its carrying amount. Based on the results of the review, an impairment loss of HK$12,219,000 in respect of the data centre equipment was recognised. The details of this impairment is set out in note 11(c) of this announcement.

Finance costs

Finance costs for the year ended 31 December 2015 decreased to HK$18,039,000, as compared to finance costs of HK$25,139,000 in 2014. The decrease was primarily due to the decrease in borrowing amount after repayment of bank loan.

Fair value changes on financial instrument designated at fair value through profit or loss

Based on the market price as at 31 December 2015, the balance of 141,651,429 ordinary shares of CNC Holdings Limited was remeasured at a fair value of HK$39,662,000, with fair value loss of HK$3,686,000 recognised in profit or loss. The details of financial assets at fair value through profit or loss of the Group are set out in note 15 of this announcement.

Income tax

Income tax expenses for the year ended 31 December 2015 increased to HK$112,304,000, as compared to HK$110,744,000 in 2014. The increase was mainly due to the increase in overseas withholding tax in the current year. The details of income tax of the Group are set out in note 8 of this announcement.

EBITDA

As a result of the decrease in revenue, EBITDA for the year ended 31 December 2015 decreased by 6.2% to HK$897,618,000, with the margin slightly decreased from 76.7% to 75.2%.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

For the year ended 31 December 2015, the Group's capital expenditure incurred for property, plant and equipment was HK$640,696,000 (2014: HK$1,076,511,000). The capital expenditure was mainly for the payments for the progress payments for APSTAR-9, APSTAR-6C and other equipments. The above capital expenditures were financed by internally-generated funds.

The Group entered into a term loan facility (the "2010 Facility") with a syndicate of banks led by Bank of China (Hong Kong) Limited in 2010. The 2010 Facility, up to a maximum loan amount of US$200,000,000, was applied to finance APSTAR-7 including its construction, launch costs and their related constructions and insurance premium. The 2010 Facility is secured by the assignment of the construction, launching and related equipment contracts relating to APSTAR-7 and the termination payments under construction, the insurance claim proceeds relating to APSTAR-5 and APSTAR-7, assignment of the proceeds of all present and future transponder utilisation agreements of APSTAR-5 and APSTAR-7 and first fixed charge over certain bank accounts which hold receipts of the transponder income. During the year, the Group has repaid US$40,000,000 (approximately HK$312,000,000) against the 2010 Facility. The outstanding principal balance of the 2010 Facility was US$92,000,000 (approximately HK$717,600,000) at 31 December 2015.

As at 31 December 2015, the total borrowings amounted to approximately HK$714,757,000 (2014: approximately HK$1,025,590,000). The Group recorded a decrease of approximately HK$310,833,000 in the total borrowings during the year ended 31 December 2015, which were due to the decrease of borrowing amount after the repayment of part of the 2010 Facility.

The debt maturity profile (net of unamortised finance cost) of the Group was as follows:

Term of repayment	*HK$*
Repayable within one year or on demand	170,533,000
Repayable after one year but within five years	544,224,000
	714,757,000

As at 31 December 2015, the Group's total liabilities were HK$1,690,889,000, a decrease of HK$863,866,000 as compared to 31 December 2014, mainly due to the settlement of capital expenditures of APSTAR-9. As a result, the gearing ratio (total liabilities/total assets) has decreased to 27.5%, representing a 11.4 percentage points decrease as compared to 31 December 2014.

For the year ended 31 December 2015, the Group recorded a net cash outflow of HK$27,959,000 (2014: inflow of HK$519,299,000) which included net cash inflow of HK$843,774,000 generated from operating activities. This was offset by net cash outflow of HK$435,236,000 used in investing activities and HK$403,737,000 used in financing activities. The cash flow used in financing activities consisted of HK$312,000,000 for repayment of 2010 Facility.

As at 31 December 2015, the Group has approximately HK$1,253,155,000 of cash and bank balances, of which HK$580,871,000 were cash and cash equivalents. About 83.0% of the cash and cash equivalents were denominated in United States Dollar which would be used to meet future progress payment of the satellites. About 16.4% of the cash and cash equivalents were denominated in Renminbi and 0.6% in Hong Kong Dollar and other currencies. The cash and bank balances decreased by HK$374,615,000 in 2015 as compared to 2014. The decrease in cash and bank balances was attributable to progress payments of APSTAR-9, APSTAR-6C and other equipments. Together with cash inflow to be generated from operations, the Group could meet with ease all the debt repayments scheduled in the future years.

Capital structure

The Group consistently adheres to conservative fund management. The solid capital structure and financial strength continue to provide a solid foundation for the Group's future development.

Foreign exchange exposure

The Group's revenue and operating expenses are mainly denominated in United States Dollar and Renminbi. Capital expenditures are denominated in United States 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. The foreign exchange rate of the Renminbi has depreciated against the Hong Kong Dollar during the year ended 31 December 2015.

Interest rate exposure

In respect of the Group's cash flow exposure to interest rate risk arising primarily from long-term borrowings at floating LIBOR rate, the Group has not entered into any interest rate risk hedge to mitigate exposure to interest rate risks during the year.

Charges on group assets

At 31 December 2015, the pledged bank deposits of HK$15,672,000 (2014: HK$11,066,000) are related to certain commercial arrangements and 2010 Facility which existed at the end of the reporting period.

At 31 December 2015, a letter of guarantee issued by a bank to a subsidiary of the Company is secured by the Group's properties with a net book value of approximately HK$3,607,000 (2014: HK$3,724,000).

Capital commitments

During the year, the Group had entered into satellite procurement contracts in relation to APSTAR-6C and Satellite Transponder Agreement in respect of whole lifetime leasing of approximately 36.204 transponders on APSTAR-5C.

As at 31 December 2015, the Group has outstanding capital commitments mainly related to APSTAR-5C and APSTAR-6C which is not provided for in the Group's financial statements. Among which HK$235,019,000 (2014: Nil) commitments were authorised but not contracted for and HK$2,211,612,000 (2014: HK$593,196,000) was contracted for.

Contingent liabilities

The details of contingent liabilities of the Group are set out in note 19 of this announcement.

Non-adjusting event after the reporting period

After the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 20 of this announcement.

FINANCIAL HIGHLIGHTS

Consolidated statement of profit or loss
for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Note	**2015** **$'000**	2014 $'000
Revenue	4	**1,194,411**	1,247,518
Cost of services		**(465,898)**	(467,690)
Gross profit		**728,513**	779,828
Other net income	6	**68,910**	27,681
Valuation (loss)/gain on investment properties		**(238)**	391
Impairment loss recognised in respect of property, plant and equipment		**(12,219)**	–
Impairment loss recognised in respect of club memberships		**(5,157)**	–
Administrative expenses		**(131,949)**	(118,377)
Profit from operations		**647,860**	689,523
Fair value changes on financial instrument designated at fair value through profit or loss	15	**(3,686)**	(45,595)
Finance costs	7(a)	**(18,039)**	(25,139)
Profit before taxation	7	**626,135**	618,789
Income tax	8	**(112,304)**	(110,744)
Profit for the year and attributable to equity shareholders of the Company		**513,831**	508,045
Earnings per share	10		
Basic and diluted		**55.09 cents**	54.47 cents

Note: Basic and diluted earnings per share for the year ended 31 December 2014 had been restated for the impact of the bonus issue of shares as explained in note 18(b) of this announcement.

Consolidated statement of comprehensive income
for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	2015	2014
	$'000	*$'000*
Profit for the year	**513,831**	508,045
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss		
Surplus on revaluation of property, plant and equipment transferred to investment property	**3,649**	–
	3,649	–
Item that is or may be reclassified subsequently to profit or loss		
Exchange differences on translation of:		
– financial statements of subsidiaries outside Hong Kong	**(446)**	(309)
	(446)	(309)
Other comprehensive income for the year	**3,203**	(309)
Total comprehensive income for the year	**517,034**	507,736

Consolidated statement of financial position
at 31 December 2015
(Expressed in Hong Kong dollars)

	Note	**2015** **$'000**	2014 $'000
Non-current assets			
Property, plant and equipment	11	**4,284,194**	3,964,040
Investment properties		**11,217**	5,750
Intangible asset	12	**133,585**	133,585
Interests in joint ventures		**491**	490
Club memberships		**380**	5,537
Prepaid expenses	13	**247,941**	110,926
Loan receivables	14	**–**	24,180
Deferred tax assets		**393**	2,030
		4,678,201	4,246,538
Current assets			
Financial assets at fair value through profit or loss	15	**39,662**	51,141
Loan receivables	14	**24,180**	24,180
Trade receivables, net	16	**96,321**	112,007
Deposits, prepayments and other receivables		**49,735**	502,621
Pledged bank deposits		**15,672**	11,066
Bank deposits with original maturity beyond 3 months		**656,612**	1,007,874
Cash and cash equivalents		**580,871**	608,830
		1,463,053	2,317,719
Current liabilities			
Payables and accrued charges	17	**132,580**	821,068
Rentals received in advance		**101,231**	63,605
Dividend payable		**473**	–
Secured bank borrowings due within one year		**170,533**	155,819
Current taxation		**40,641**	44,507
		445,458	1,084,999
Net current assets		**1,017,595**	1,232,720
Total assets less current liabilities carried forward		**5,695,796**	5,479,258

Consolidated statement of financial position (continued)
at 31 December 2015
(Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Total assets less current liabilities brought forward		**5,695,796**	5,479,258
Non-current liabilities			
Secured bank borrowings due after one year		**544,224**	869,771
Deposits received		**79,346**	82,648
Deferred income		**104,705**	90,911
Deferred tax liabilities		**517,156**	426,426
		1,245,431	1,469,756
Net assets		**4,450,365**	4,009,502
Capital and reserves			
Share capital	18	**93,271**	62,181
Share premium		**1,242,722**	1,273,812
Contributed surplus		**511,000**	511,000
Revaluation reserve		**4,017**	368
Exchange reserve		**1,723**	2,169
Other reserves		**442**	442
Accumulated profits		**2,597,190**	2,159,530
Total equity		**4,450,365**	4,009,502

Consolidated statement of changes in equity

for the year ended 31 December 2015
(Expressed in Hong Kong dollars)

	Share capital $'000	Share premium $'000	Contributed surplus $'000	Revaluation reserve $'000	Exchange reserve $'000	Other reserves $'000	Accumulated profits $'000	Total equity $'000
Balance at 1 January 2014	62,181	1,273,812	511,000	368	2,478	442	1,726,102	3,576,383
Changes in equity for 2014:								
Profit for the year	–	–	–	–	–	–	508,045	508,045
Other comprehensive income	–	–	–	–	(309)	–	–	(309)
Total comprehensive income	–	–	–	–	(309)	–	508,045	507,736
Dividend approved in respect of the previous year *(note 9(ii))*	–	–	–	–	–	–	(43,526)	(43,526)
Dividend declared in respect of the current year *(note 9(i))*	–	–	–	–	–	–	(31,091)	(31,091)
Balance at 31 December 2014	62,181	1,273,812	511,000	368	2,169	442	2,159,530	4,009,502
Balance at 1 January 2015	**62,181**	**1,273,812**	**511,000**	**368**	**2,169**	**442**	**2,159,530**	**4,009,502**
Changes in equity for 2015:								
Profit for the year	**–**	**–**	**–**	**–**	**–**	**–**	**513,831**	**513,831**
Other comprehensive income	**–**	**–**	**–**	**3,649**	**(446)**	**–**	**–**	**3,203**
Total comprehensive income	**–**	**–**	**–**	**3,649**	**(446)**	**–**	**513,831**	**517,034**
Bonus issue *(note 18(b))*	**31,090**	**(31,090)**	**–**	**–**	**–**	**–**	**–**	**–**
Dividend approved in respect of the previous year *(note 9(ii))*	**–**	**–**	**–**	**–**	**–**	**–**	**(43,526)**	**(43,526)**
Dividend declared in respect of the current year *(note 9(i))*	**–**	**–**	**–**	**–**	**–**	**–**	**(32,645)**	**(32,645)**
Balance at 31 December 2015	**93,271**	**1,242,722**	**511,000**	**4,017**	**1,723**	**442**	**2,597,190**	**4,450,365**

(Expressed in Hong Kong dollars)
Notes:

1 GENERAL INFORMATION

APT Satellite Holdings Limited (the "Company") was incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda. The address of its principal place of business is 22 Dai Kwai Street, Tai Po Industrial Estate, Tai Po, New Territories, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. The principal activities of its subsidiaries are maintenance, operation and provision of satellite transponder and related services and satellite-based broadcasting and telecommunications services and other services.

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015, but are extracted from those consolidated financial statements.

The consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("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 derived from and consistent with IFRSs, the consolidated financial statements also comply with HKFRSs. The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

– *Annual Improvements to IFRSs 2010-2012 Cycle*

– *Annual Improvements to IFRSs 2011-2013 Cycle*

The equivalent new and revised HKFRSs, consequently issued by the HKICPA as a result of these developments, 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.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs/HKFRSs are discussed below:

Annual Improvements to IFRS/HKFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS/HKAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

4 REVENUE

Revenue represents income received and receivable from provision of satellite transponder capacity and related services, satellite-based broadcasting and telecommunications services and other services. The amount of each category of revenue during the year is as follows:

	2015	2014
	$'000	*$'000*
Income from provision of satellite transponder capacity and related services	**1,156,114**	1,213,627
Income from provision of satellite-based broadcasting and telecommunications services	**26,490**	26,216
Service income	**11,807**	7,675
	1,194,411	1,247,518

5 SEGMENTAL REPORTING

Operating segments

The Group identifies operating segments and prepares segment information based on regular internal financial information reported to the executive directors for their decisions about resources allocation with respect to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major operations. Since over 90% of the Group's revenue, operating results and assets during the years ended 31 December 2015 and 2014 were derived from the provision of satellite transponder capacity and related services, no operating segment analysis is presented.

The Group's customer base is diversified and includes two customers with whom transactions have each exceeded 10% of the Group's revenue. For the year ended 31 December 2015, revenue of approximately $302,328,000 (2014: $346,502,000) were derived from these customers and attributable to the provision of satellite transponder capacity and related services.

Geographical segments

The Group's operating assets consist primarily of its satellites which are put into services for transmission to multiple countries, and are not based within a specific geographical location. Accordingly, no segment analysis of the carrying amount of segment assets by location of assets is presented.

The Group is domiciled in Hong Kong. The revenue derived from customers in (a) Hong Kong, (b) Greater China (which includes Mainland China, Taiwan and Macau but excludes Hong Kong), (c) Southeast Asia and (d) other regions for the year ended 31 December 2015 were $117,863,000, $310,149,000, $529,092,000 and $237,307,000 respectively (2014: $120,589,000, $275,205,000, $531,708,000 and $320,016,000 respectively).

6 OTHER NET INCOME

Other net income primarily includes the following:

	2015	2014
	$'000	*$'000*
Interest income on bank deposits	**41,639**	36,808
Interest income on convertible bonds	**–**	708
Other interest income	**5,374**	6,978
Foreign currencies exchange loss	**(39,552)**	(26,302)
Rental income in respect of properties	**1,146**	794
Other service income	**58,442**	6,085
Gain on disposal of investment	**1,461**	2,210
Other income	**400**	400
	68,910	27,681

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2015	2014
	$'000	*$'000*
(a) Finance costs		
Interest on bank borrowings	**15,980**	22,899
Other borrowing costs	**2,059**	2,240
	18,039	25,139

	2015	2014
	$'000	*$'000*
(b) Other items		
Auditors' remuneration		
– audit services	**1,288**	1,299
– tax services	**134**	371
– other services	**14**	14
Depreciation	**301,054**	295,974
Loss on disposal of property, plant and equipment	**–**	143
Operating lease charges: minimum lease payments		
– land and buildings and equipment	**566**	234
– satellite transponder capacity	**123,812**	129,062
Impairment loss on trade and other receivables recognised	**18,708**	3,437

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2015	2014
	$'000	*$'000*
Current tax – Outside Hong Kong		
Provision for the year	**26,132**	17,791
Over-provision in respect of prior years	**(6,195)**	(7,941)
	19,937	9,850
Deferred taxation – Hong Kong	**92,367**	100,894
Actual tax expense	**112,304**	110,744

Taxation is charged at the applicable current rates of taxation ruling in the relevant jurisdictions.

No provision has been made for Hong Kong Profits Tax as the Company and its subsidiaries either has tax losses available to offset current year assessable profits or has no estimated assessable profits for the year.

Overseas tax includes profits tax and withholding tax paid or payable in respect of the Group's income from the provision of satellite transponder capacity to customers who are located outside Hong Kong.

Over-provision in respect of prior years represents reversal of provision for withholding taxes. Management considers the likelihood of the Group being required to pay such withholding taxes has become remote and therefore made the reversal during the year.

Deferred taxation in respect of Hong Kong Profits Tax was calculated at 16.5% (2014: 16.5%) of the estimated temporary differences for the year.

9 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2015	2014
	$'000	*$'000*
Interim dividend declared and paid of 3.50 cents per ordinary share (2014: 3.33 cents) *(note)*	**32,645**	31,091
Final dividend proposed after the end of the reporting period of 5.00 cents per ordinary share (2014: 4.67 cents) *(note)*	**46,636**	43,526
	79,281	74,617

As the final dividend is proposed after the end of the reporting period, such dividend has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2015	2014
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 4.67 cents per share (2014: 4.67 cents) *(note)*	**43,526**	43,526

Note: Interim dividend during the period ended 30 June 2014 and final dividend per ordinary share had been restated for the impact of the bonus issue of shares as explained in note 18(b) of this announcement.

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $513,831,000 (2014: $508,045,000) and the weighted average of 932,711,000 ordinary shares (2014: 932,711,000 shares after adjusting for bonus issue in 2015) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2015	2014
	'000	*'000*
Issued ordinary shares at 1 January	**621,807**	621,807
Effect of bonus issue *(note 18(b))*	**310,904**	310,904
Weighted average number of ordinary shares at 31 December	**932,711**	932,711

(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 ended 31 December 2015 and 2014.

11 PROPERTY, PLANT AND EQUIPMENT

(a) Additions and transfer of construction in progress

Additions of construction in progress for the year ended 31 December 2015 primarily related to the progress payments in respect of communication satellites, APSTAR-9 and APSTAR-6C, of $580,653,000 (2014: $1,070,784,000) and $42,166,000 (2014: Nil), respectively.

On 22 November 2013, APT Satellite Company Limited ("APT HK"), a wholly owned subsidiary of the Company, enter into a satellite procurement contract for manufacturing of APSTAR-9. APSTAR-9 was successfully launched to the designated orbit on 17 October 2015 on board of Long March 3B/E launch vehicle of China Great Wall Industry Corporation, a fellow subsidiary of the Company. The cost of APSTAR-9 amounting to $1,651,437,000 has been transferred to communication satellites accordingly.

On 17 October 2015, APT HK entered into a satellite procurement contract for manufacturing of APSTAR-6C. APSTAR-6C is the replacement satellite for APSTAR-6 and is scheduled to be launched in the first quarter of 2018 for in-orbit delivery.

(b) Effect of cost adjustment

Pursuant to an agreement entered into by APT HK with a third party manufacturer of APSTAR-6 on 8 December 2001 and its subsequent amendment on 21 April 2010, the Group is entitled to construction cost reimbursement from the manufacturer for the use of APSTAR-6 design in other satellite projects of the manufacturer, for a period of 10 years from 2010, subject to a ceiling amount. During the year ended 31 December 2015, $5,200,000 (2014: Nil) was received and recorded as a reduction to the cost of property, plant and equipment – communication satellites.

(c) Impairment loss

During the year ended 31 December 2015, the Group conducted a review of its property, plant and equipment and determined that the recoverable amount of data centre equipment is estimated to be less than its carrying amount. Based on the results of the review, an impairment loss of $12,219,000 in respect of data centre equipment was recognised in "impairment loss recognised in respect of property, plant and equipment". The recoverable amount of the data centre equipment is estimated based on value-in-use calculation. These calculations use cash flow projections based on budget and business plan approved by management for the year ending 31 December 2016. Cash flows beyond 2015 are derived based on revenue from committed service agreements for the provision of data centre services and projected at a growth rate generally expected for the industry. There was no impairment loss recognised in respect of property, plant and equipment in 2014.

12 INTANGIBLE ASSET

The carrying amount of an acquired intangible asset not subject to amortisation is as follows:

	2015	2014
	$'000	*$'000*
Orbital slot	**133,585**	133,585

During 2009, the Group obtained the right to operate a satellite at an orbital slot. Such intangible asset is considered to have an indefinite life.

No impairment of the intangible asset was recorded as at 31 December 2015 and 2014.

The recoverable amount of the intangible asset is estimated based on value-in-use calculation. These calculations use cash flow projections based on budget and business plan approved by management for the year ending 31 December 2016. Cash flows beyond 2015 are derived based on revenue from committed service agreements for the provision of satellite transponder capacity and projected at a growth rate generally expected for the industry. The discount rate used for cash flow projection is 10.34%.

13 PREPAID EXPENSES

Prepaid expenses represent the advance payment of transponder lease contract and licence fee for the right to use certain designated transmission frequencies. Part of the prepaid expenses which fall due within one year are included as part of deposits, prepayments and other receivables.

	2015	2014
	$'000	*$'000*
Balance at 31 December	**110,926**	459,741
Add: additions	**147,311**	109,934
Less: current portion (included in deposits, prepayments and other receivables under current assets)	**(10,296)**	(458,749)
Non-current portion	**247,941**	110,926

During the year ended 31 December 2014, APT HK entered into a license agreement with a third party for the exclusive right to use certain orbital slot positions at an upfront premium of US$28,000,000. APT HK has prepaid US$7,600,000 during the year (2014: US$15,000,000) regarding this agreement.

On 23 December 2015, APT HK entered into a satellite transponder agreement with a third party for the whole lifetime leasing of 36.204 transponders on APSTAR-5C at a lease price of US$118,826,696. APSTAR-5C is the replacement satellite for APSTAR-5 and is currently under construction. Prepayment of US$11,286,045 was recognised as at the year ended 31 December 2015 (2014: Nil) regarding this agreement.

14 LOANS RECEIVABLES

Loan receivable of $24,180,000 (2014: $48,360,000) from a third party is unsecured and interest bearing at London Inter-Bank Offered Rate plus 5% per annum. The amount is due within one year and is neither past due nor impaired.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In May 2014, the Group converted the convertible bonds issued by CNC Holdings Limited into 178,571,429 ordinary shares of the issuer and realised a fair value loss of $66,683,000 upon conversion. The investment in listed shares of CNC Holdings Limited is designated as "financial assets at fair value through profit or loss" with an initial fair value of $35,000,000. As at 31 December 2015, the investment in listed securities was remeasured at a fair value of $39,662,000 (2014: $51,141,000), based on the market price as at year end, with fair value loss of $3,686,000 (2014: $45,595,000) recognised in profit or loss.

16 TRADE RECEIVABLES, NET

The Group normally allows a credit period of 30 days from the date of revenue recognition to its trade customers. The following is an ageing analysis of trade receivables (net of allowance for doubtful debts), based on the date of revenue recognition, at the end of the reporting period:

	2015	2014
	$'000	*$'000*
Within 30 days	**41,691**	45,388
31 – 60 days	**14,911**	16,204
61 – 90 days	**12,589**	11,673
91 – 120 days	**8,764**	7,039
Over 120 days	**18,366**	31,703
	96,321	112,007

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

17 PAYABLES AND ACCRUED CHARGES

The ageing analysis of accounts payable and accrued charges as of the end of the reporting period, based on due date, is as follows:

	2015	2014
	$'000	*$'000*
Within 3 months	**80,494**	15,592
	80,494	15,592
Accrued expenses	**52,086**	805,476
At 31 December	**132,580**	821,068

18 SHARE CAPITAL

(a) Authorised and issued share capital

	2015		2014	
	No. of shares '000	*$'000*	*No. of shares '000*	*$'000*
Authorised:				
Ordinary shares of $0.10 each	**2,000,000**	**200,000**	2,000,000	200,000
Ordinary shares, issued and fully paid:				
At 1 January	**621,807**	**62,181**	621,807	62,181
Bonus issue	**310,904**	**31,090**	–	–
At 31 December	**932,711**	**93,271**	621,807	62,181

(b) Bonus issue

On 27 May 2015, an amount of $31,090,000 standing to the credit of the share premium account was applied in paying up in full 310,904,000 ordinary shares of $0.1 each which were allotted and distributed as fully paid to existing shareholders in the proportion of one for every two shares then held.

19 CONTINGENT LIABILITIES

The Company has given bank guarantee in respect of the banking facilities granted to APT HK. The extent of such banking facilities utilised by APT HK at 31 December 2015 amounted to $717,600,000 (2014: $1,029,600,000).

20 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors declared a final dividend of $46,636,000. Further details are disclosed in note 9 of this announcement.

CORPORATE GOVERNANCE

The Group commits to a high standard of corporate governance especially in internal control and compliance; and adhere to the business code of ethics, which are applicable to all directors, senior management, and all employees; implement whistleblower protection policy, as well as advocate environmental awareness.

HUMAN RESOURCES

As at 31 December 2015, the Group had 120 employees. The Group continues to provide on job training to employees which meet their needs and periodically review its emolument policy based on the respective responsibilities of employees and current market trends.

AUDIT COMMITTEE

In the meeting on Monday, 21 March 2016, the Group's Audit Committee has reviewed the accounting principles and practices adopted by the Group and the Company's audited financial report for the year ended 31 December 2015. The Audit Committee has also reviewed the result and statement of the Board in relation to effectiveness of the internal control system and the independence of the Company's auditors.

The Audit Committee comprises of four independent non-executive directors including Dr. Lui King Man (Chairman), Dr. Lam Sek Kong, Mr. Cui Liguo and Dr. Meng Xingguo.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE

Throughout the year of 2015, 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: 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;

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;

A6.7: Mr. Lim Toon, Dr. Yin Yen-liang, Mr. Zhuo Chao, Mr. Fu Zhiheng and Mr. Lim Kian Soon, being Non-executive Directors, and Dr. Meng Xingguo, being the Independent Non-executive Director, were unable to attend the Annual General Meeting held on 22 May 2015 as they were in business trips or attending important matters in overseas. However, other members of the Board including all Executive Directors and Independent Non-executive Directors attended the meeting to answer any possible questions in relation to the Group's affairs.

A6.7: Mr. Yuan Jie, being the Chairman of the Board of Directors and Mr. Lim Toon, Dr. Yin Yen-liang, Mr. Zhuo Chao, Mr. Fu Zhiheng and Mr. Lim Kian Soon, being Non-executive Directors, and Mr. Cui Liguo and Dr. Meng Xingguo, being the Independent Non-executive Directors, were unable to attend the Special General Meeting held on 30 November 2015 as they were in business trips or attending important matters in overseas. However, other members of the Board including all Executive Directors and Independent Non-executive Directors attended the meeting to answer any possible questions in relation to the resolutions.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 May 2016 to Monday, 30 May 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting of the Company to be held on Monday, 30 May 2016, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 26 May 2016.

The register of members of the Company will be closed from Monday, 6 June 2016 to Tuesday, 7 June 2016 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 3 June 2016.

ANNUAL REPORT PUBLICATION

The Company's 2015 Annual Report for the year ended 31 December 2015 containing information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.apstar.com) in due course.

NOTE OF APPRECIATION

In 2015, the Group continued to achieve encouraging and excellent results. I would like to express my sincere gratitude to all the customers of the Group and my grateful gratitude to all our staff for their valuable contribution to the development of the Group.

By Order of the Board
APT Satellite Holdings Limited
Yuan Jie
Chairman

Hong Kong, 22 March 2016

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

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

Non-Executive Directors:
Yuan Jie *(Chairman)*
Lim Toon
Yin Yen-liang
Zhuo Chao
Fu Zhiheng
Lim Kian Soon
Tseng Ta-mon *(alternate director of Yin Yen-liang)*

Independent Non-Executive Directors:
Lui King Man
Lam Sek Kong
Cui Liguo
Meng Xingguo