APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1045)

2011 ANNUAL RESULTS ANNOUCEMENT

The Board of Directors (the "Board ") of APT Satellite Holdings Limited (the "Company") is pleased to announce the audited financial results of the Company and its subsidiaries (the "Group") in respect of the financial year ended 31 December 2011, which had been prepared in accordance with International Financial Reporting Standards and Hong Kong Financial Reporting Standards.

RESULTS

Turnover

In 2011, the Group's turnover continued to grow tremendously, with annual turnover amounted to HK$758,317,000 (2010: HK$719,435,000), representing an increase of 5.40% amounting to HK$38,882,000 as compared to 2010. The increase of turnover is mainly due to the growth in revenue from the core business of the Group.

Profit before taxation

In 2011, the Group's profit before taxation amounted to HK$360,341,000 (2010: HK$272,433,000), representing an increase of 32.27% amounting to HK$87,908,000 as compared to 2010.

Profit

In 2011, the Group's profit attributable to equity shareholders amounted to HK$280,923,000 (2010: HK$198,499,000), representing an increase of 41.52% amounting HK$82,424,000 as compared to 2010. Basic earnings per share was HK45.18 cents (2010 restated: HK31.96 cents).

DIVIDENDS

During the period, the Company has declared an interim dividend in cash of HK2.00 cents per share and a Bonus issue at a ratio of one bonus share per two existing shares. Given the Group has achieved significant increase in profit during the year of 2011, the Board has resolved to declare a final dividend in cash of HK2.50 cents per share for the financial year ended 31 December 2011 (2010: nil). The final dividend is conditional, upon the passing of the relevant resolutions at the forthcoming annual general meeting which will be held on 25 May 2012. The final dividend will be paid on or about Tuesday, 26 June 2012 to shareholders whose names appear on the register of members at the close of business on Wednesday, 13 June 2012.

BUSINESS REVIEW

In-Orbit Satellites

In 2011, the Group's in-orbit satellites and their corresponding ground TT&C (telemetry, tracking and command) system and earth station have been operating under normal condition during the year, and continue in providing quality and reliable service to our customers. The in-orbit satellites, APSTAR 2R, APSTAR 6 and APSTAR 5, being located in their orbital positions at 76.5ºE, 134ºE and 138ºE respectively, have integrated to form the strongest satellite service capability covering Asia, Australia, Middle East, Africa and Europe and are the most important satellite resources in Asia Pacific region.

APSTAR 2R
APSTAR 2R, which was launched in October 1997, positioned at 76.5ºE orbital slot, contains 28 C-band transponders and 16 Ku-band transponders. As at 31 December 2011, its utilisation was 83.5%.

APSTAR 5
APSTAR 5, which was launched in June 2004, positioned at 138ºE orbital slot, the Group owns 20 C-band transponders and 9 Ku-band transponders of the satellite. As at 31 December 2011, its utilisation was 88.2%.

APSTAR 6
APSTAR 6, which was launched in April 2005, positioned at 134ºE orbital slot, contains 38 C-band transponders and 12 Ku-band transponders. As at 31 December 2011, its utilisation was 81.5%.

Satellites on Construction
APSTAR 7
For the purpose of replacing APSTAR 2R, the Group has invested for the construction of APSTAR 7. APSTAR 7 is a Spacebus 4000 C2 Platform high power geostationary communication satellite with 28 C-band transponders and 28 Ku-band transponders. The C-band transponders of APSTAR 7 provide the same coverage as APSTAR 2R to ensure seamless services transition for customers from APSTAR 2R to APSTAR 7. The Ku-band transponders are built with China Beam, Middle East and North Africa Beam, African Beam and Steerable Beam, so as to further expand the coverage and capacity of satellite resources. The construction progress of APSTAR 7 has been smooth and the satellite was successfully delivered to the Xichang Satellite Launch Centre in Sichuan Province, China, where it will be ready for its final preparation and testing before launch. It is expected that APSTAR 7 will be launched by the Long March LM-3B Enhanced version launch vehicle of China by end of March 2012.

APSTAR 7B (back up satellite for APSTAR 7)
APSTAR 7B, the backup satellite for APSTAR 7, is built with Spacebus 4000 C2 Platform, the same platform as APSTAR 7, high power geostationary communication satellite with 28 C-band transponders and 23 Ku-band transponders. In the event that the launch of APSTAR 7 is unsuccessful, APSTAR 7B will be launched in the third quarter of 2012 or earlier to fulfill the mission replacing APSTAR 2R. Once APSTAR 7 is launched and replace APSTAR 2R successfully, the Group will transfer APSTAR 7B to China Satellite Communications Company Limited to recoup the capital expenditure made for APSTAR 7B at the same time. The APSTAR 7B Project can meet the Group’s requirements in time schedule as the back up satellite of APSTAR 7. Meanwhile, the Group has commissioned the agreement pursuant to which the project investment of APSTAR 7B can be recouped in time when APSTAR 7 is successfully launched. This backup satellite is a very successful arrangement because the Group can save up enormous amount of back-up satellite investment. The construction progress of APSTAR 7B has been smooth and the satellite is expected to be delivered in June 2012.

TRANSPONDER LEASE SERVICES

During year 2011, the Group has maintained a high utilisation rates. While the Group can keep our foothold in our existing market shares, it has increased new customers and sales in the countries and regions including Australia, Singapore, Malaysia, Mongolia and Taiwan, and renewed long-term transponder service agreements with international renowned TV and media broadcasters. The renewal of APSTAR 2R customers for migrating to APSTAR 7 has also been successful, thereby further enhancing the Group's customer-base and market outreach.

SATELLITE TV BROADCASTING AND UPLINK SERVICES

APT Satellite TV Development Limited ("APT TV"), a wholly-owned subsidiary of the Group, has been successfully granted a Non-domestic Television Programme Service Licence by the Government of the Hong Kong Special Administrative Region in 2010.

In 2011, the Group has achieved outstanding market development and progress in satellite broadcasting services while securing the existing customers. A substantial number of television broadcasters including the Xinhua TV Channel of China, broadcast their TV content via the Platform of APSTAR 6 to Asia Pacific region.

On 6 September 2011, APT TV, the other vendors and CNC Holdings Limited (formerly known as Tsun Yip Holdings Limited, stock code: 8356) ("Purchaser") entered into the Sell and Purchase Agreement, in which APT TV agreed to sell its 5% interest in Xinhua TV Asia-Pacific Operating Company Limited, which shall be satisfied by the Purchaser issuing the convertible bonds to APT TV, which is approved by the Stock Exchange of Hong Kong on 9 December 2011. The maturity of the convertible bonds is three years with annual interest of 5% and conversion price of HK$0.196. Subject to the compliance of the relevant Listing Rules and Securities and Futures Ordinance, the maximum number of shares of CNC Holdings Limited can be converted is 178,571,429 shares.

SATELLITE TELECOMMUNICATION SERVICES

APT Telecom Services Limited, a wholly-owned subsidiary of the Group, continue to provide satellite-based external telecommunication services, uplink services and facilities management services to customers under the Fixed Carrier Licence of Hong Kong, in order to promote utilisation rate of the APSTAR resources.

BUSINESS PROSPECTS

The outburst of European financial crisis did not cause any major impact to the transponder market in the Asia Pacific, Middle East and Africa region in 2011, where supply and demand has been maintained at a basically stable level, resulting in the appropriate growth in transponder business.

Look into the future, although there remain uncertainties in the global economy and politics, the supply and demand pattern of transponders will continue to achieve sustainable growth in the Asia Pacific region, Middle East and African region. The utilisation rates of the Group's satellite transponders will be maintained at the high level and will achieve steady revenue growth.

For the purpose of replacing APSTAR 2R, the Group will closely monitor the delivery and launch of APSTAR 7 so as to ensure the successful positioning of the satellite at its designated orbit slot. The Group will also closely monitor the construction progresses of APSTAR 7B so as to assure the quality and delivery of the satellite.

The Group is actively promoting the APSTAR 2R Replacement Programme to the market and the market feedback has been excellent. So far there has been a significant number of existing customers on APSTAR 2R who are willing to continue their services with APSTAR 7. While maintaining the existing customers, the Group has been gearing up the promotion and sales in respect of the Ku-band transponders of APSTAR 7 so as to develop the emerging markets in the Middle East, Central Asia, Africa, and Asia Pacific regions and has achieved remarkable result so far. Since the utilisation rate of APSTAR 7 has substantially been secured, the Group will further improve the customer-base structure to ensure better result achieved in 2012.

FINANCIAL REVIEW

As at 31 December 2011, the Group's financial position remains very strong and we have achieved continuous improvement in our operating result. The table below sets out the financial performance for the year ended 31 December 2011 and 31 December 2010:

HK$ thousand	**2011**	2010	Change
Turnover	**758,317**	719,435	+5%
Gross profit	**396,279**	350,076	+13%
Profit before taxation	**360,341**	272,433	+32%
Profit attributable to shareholders	**280,923**	198,499	+42%
Basic earnings per share *(HK cents)*	**45.18**	31.96 (Restated)	+41%
Total assets	**4,768,445**	3,802,982	+25%
Total liabilities	**2,010,364**	1,315,420	+53%
EBITDA Margin (%)	**81%**	82%	-1%
Gearing ratio (%)	**42%**	35%	+7%
Liquidity ratio	**1.01 times**	0.58 times	+0.43 times

The turnover of the Group in 2011 increased by 5% from 2010 to HK$758,317,000 mainly due to increase of income from satellite transponder capacity and related services. The profit attributable to shareholders increased by 42% to HK$280,923,000 due to the result of the following factors:

Other net income

Other net income for the year ended 31 December 2011 increased to HK$15,652,000, as compared to other net income of HK$5,242,000 for the last year. The increase was mainly due to an exchange gain resulting from the appreciation of Renminbi.

Impairment loss

As at 31 December 2011, an impairment loss in respect of property, plant and equipment of HK$36,660,000 was recognised in 2011 due to the recoverable amount of APSTAR 2R is estimated to be less than its carrying amount. The details of impairment of the Group are set out in note 6 to this announcement.

Gain on disposal of available-for-sale financial asset and fair value changes on financial instrument designated at fair value through profit or loss

During the year, a wholly-owned subsidiary of the Group, APT Satellite TV Development Limited has entered into an agreement to sell an available-for-sale security which represents 5% of the issued share capital of Xinhua TV Asia-Pacific Operating Co. Limited to CNC Holding Limited ("CNC") (formerly known as Tsun Yip Holdings Limited).

Fair value of HK$111,413,000 of such available-for-sale security was recorded in the consolidated statement of other comprehensive income until disposal on 9 December 2011. On the same date, such fair value was then reclassified to profit or loss as a result of the settlement by the issuance of convertible bonds issued by CNC. The maturity of the convertible bonds is three years with annual interest of 5% and conversion price of HK$0.196. At the balance sheet date, the fair value of the convertible bonds is remeasured, with a fair value loss of HK$9,989,000 in profit or loss.

Details of this transaction are set out in the announcements dated 9 September 2011, 12 October 2011 and 27 October 2011.

Finance costs

During the year, the Group entered into a swaption contract of notional amount of US$65,000,000. For the year ended 31 December 2011, the change in fair value of the contract of HK$18,533,000 was recognised in profit or loss. Excluding the above finance cost of swaption, the finance cost was HK$3,408,000 for the year ended 31 December 2011, representing a decrease by HK$2,922,000 as compared to finance cost of HK$6,330,000 in 2010.

Finance cost of HK$20,281,000 directly related to the construction of APSTAR 7 and APSTAR 7B has been capitalised during the year.

Income Tax

Income tax expenses for the year ended 31 December 2011 increased to HK$79,418,000, as compared to HK$73,934,000 in 2010. The increase was mainly due to the increase in the operating profit for the year. The details of income tax of the Group are set out in note 8 to this announcement.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year, the Group's capital expenditure incurred for fixed assets was HK$1,070,783,000 for 2011 (2010: HK$1,162,641,000). The increase was mainly due to the payment of HK$1,061,752,000 for the construction of the APSTAR 7 and APSTAR 7B and payment of HK$9,031,000 for new addition of equipments. The Group expects to incur significant capital expenditures in the next year during construction of APSTAR 7 and its backup satellite APSTAR 7B. The Group expects to finance the above capital expenditures through internal funding, cash flows from operating activities and bank financing.

During 2010, the Group entered into a term loan facility (the "Banking Facility") with a syndicate of banks led by Bank of China (Hong Kong) Limited. The Banking 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 Banking

Facility is secured by the assignment of the construction and the termination payments under construction and launching contracts relating to APSTAR 7, 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 will hold receipts of the transponder income of APSTAR 5 and APSTAR 7. During the year, the Group has drawn down US$84,200,000 (approximately HK$656,760,000) against the Banking Facility.

In addition, during 2010, the Group entered into a loan agreement ("Loan Agreement") with a fellow subsidiary in relation to the provision of a facility for the progress payments under the APSTAR 7B Satellite Procurement Contract. The Loan Agreement is up to Euro100,000,000 or equivalent amount in United States Dollar. During the year, the Group has drawn down US$26,000,000 (approximately HK$202,800,000) under the Loan Agreement.

As at 31 December 2011, the total borrowings amounted to approximately HK$1,408,470,000 (as at 31 December 2010: approximately HK$687,939,000). The Group recorded an increase of approximately HK$720,531,000 in the total borrowings during the year ended 31 December 2011, which were mainly used for the capital expenditures of APSTAR 7 and APSTAR 7B.

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

Year of Maturity	HK$
Repayable within one year or on demand	180,285,000
Repayable after one year but within five years	860,440,000
Repayable after five years	367,745,000
	1,408,470,000

As at 31 December 2011, the Group's total liabilities were HK$2,010,364,000, an increase of HK$694,944,000 as compared to 31 December 2010, which was mainly due to the borrowings as described above. As a result, the gearing ratio (total liabilities/total assets) has increased to 42%, representing a 7% increase as compared to 31 December 2010.

For the year ended 31 December 2011, the Group recorded a net cash inflow of HK$118,579,000 (2010: net cash outflow of HK$154,445,000) which included net cash inflow from operating activities of HK$641,603,000, net cash inflow of HK$683,736,000 generated from financing activities and HK$6,295,000 increase in cash due to the change in foreign exchange rates. This was offset by the net cash of HK$1,213,055,000 used in investing activities.

The increase in cash inflow from operating activities as compared to last year was due to the increase in receipt of transponder income. The decrease in cash used in investing activities was mainly due to decrease in the pledged bank deposits during the year. The increase in net cash inflow from financing activities was mainly due to the increase in net borrowings in 2011 as compared to 2010.

As at 31 December 2011, the Group has approximately HK$240,064,000 cash and cash equivalents, HK$94,187,000 bank deposits with original maturity beyond 3 months and HK$21,007,000 pledged bank 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 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 except for satellite procurement contracts in relation to APSTAR 7 and APSTAR 7B 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 appreciated by 4.3% against the Hong Kong Dollar during the year ended 31 December 2011. The management does not foresee a material adverse foreign exchange risk to the Group.

The Group had entered into satellite procurement contracts in relation to APSTAR 7 and APSTAR 7B in a contract price of approximately Euro128,500,000 and Euro114,600,000 respectively. In order to meet the coming progress payment, the Group has entered into the Banking Facility, where the Group is able to purchase foreign currency forward contract up to maximum of US$150,000,000. Given the volatile exchange rates movements experienced, Euro/USD exchange rate in particular, the Group has entered into forward exchange contracts to hedge against its exposure to potential exchange rate risks. As at 31 December 2011, outstanding Euro forward contracts amounted to Euro4,965,000 which will be applied to next progress payment of APSTAR 7 and APSTAR 7B. The Group continues to adopt a conservative approach on monitoring foreign exchange exposure.

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 management's strategy is to use financial instruments to manage its exposure to the floating LIBOR rate. During the year, the Group has entered into a contract which is a swaption to enter into a swap transaction to fix the 3-month LIBOR interest rate at 1.4% p.a. of notional amount of US$65,000,000 for the period from 3 July 2012 to 3 July 2017. The latest exercise date of this swaption is 28 June 2012. The Group continues to adopt a conservative approach on monitoring interest rate exposure.

Charges on group assets

At 31 December 2011, the pledged bank deposits of HK$21,007,000 (2010: HK$76,917,000) are related to certain commercial arrangements and Banking Facilities during the year.

At 31 December 2011, 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$4,073,000 (2010: HK$4,189,000).

Capital commitments

As at 31 December 2011, the Group has outstanding capital commitments of HK$1,178,423,000 (2010: HK$2,200,662,000), which were contracted but not provided for and HK$244,672,000 (2010:nil) which were authorised but not contracted for in the Group's financial statements, mainly in respect of the progress payment for the construction of satellites APSTAR 7 and APSTAR 7B.

Contingent liabilities

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

Post balance sheet event

The details of post balance sheet event of the Group are set out in note 17 of this announcement.

FINANCIAL HIGHLIGHTS

Consolidated Income Statement
For the year ended 31 December 2011
(Expressed in Hong Kong dollars)

	Note	*2011* $'000	*2010* $'000
Turnover	4	758,317	719,435
Cost of services		(362,038)	(369,359)
Gross profit		396,279	350,076
Other net income	5	15,652	5,242
Administrative expenses		(94,643)	(76,788)
Impairment loss recognised in respect of property, plant and equipment	6	(36,660)	-
Valuation gains on investment property		230	233
Profit from operations		280,858	278,763
Gain on disposal of available-for-sale financial asset	12	111,413	-
Fair value changes on financial instrument designated at fair value through profit or loss	12	(9,989)	-
Finance costs	7 (a)	(21,941)	(6,330)
Profit before taxation	7	360,341	272,433
Income tax expenses	8	(79,418)	(73,934)
Profit for the year and attributable to equity shareholders of the Company		280,923	198,499
		==========	==========
Earnings per share	10		
Basic		45.18 cents	31.96 cents
		==========	==========
			(Restated)
Diluted		45.18 cents	31.95 cents
		==========	==========
			(Restated)

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2011
(Expressed in Hong Kong dollars)

	2011 $'000	*2010* $'000
Profit for the year	280,923	198,499
Other comprehensive income for the year:		
Exchange differences on translation of:		
- financial statements of overseas subsidiaries	1,622	(1,380)
Cashflow hedge: movement in hedging reserve	410	(2,233)
Available-for-sale financial asset:		
- change in fair value recognised during the year	111,413	-
- reclassification adjustment for amounts transferred to profit or loss on disposal	(111,413)	-
Net movement in the fair value reserve during the year recognised in other comprehensive income	-	-
	2,032	(3,613)
Total comprehensive income for the year	282,955	194,886

Consolidated Balance Sheet at 31 December 2011

(Expressed in Hong Kong dollars)

	Note	*2011* $'000	*2010* $'000
Non-current assets			
Property, plant and equipment		4,077,704	3,363,090
Investment property		2,895	2,665
Intangible asset	11	133,585	133,585
Investment in convertible bonds	12	101,424	-
Club memberships		5,537	5,537
Prepaid expenses		19,170	21,890
		4,340,315	3,526,767
Current assets			
Trade receivables, net	13	53,594	59,903
Deposits, prepayments and other receivables		17,545	17,624
Amount due from immediate holding company		767	286
Derivative financial instruments		966	-
Pledged bank deposits		21,007	76,917
Bank deposits with original maturity beyond 3 months		94,187	-
Cash and cash equivalents		240,064	121,485
		428,130	276,215
Current liabilities			
Payables and accrued charges	14	72,205	177,394
Rentals received in advance		67,456	58,645
Amount due to a fellow subsidiary		911	65
Secured bank borrowings due within one year		180,285	139,016
Derivative financial instrument		1,823	2,233
Current taxation		101,078	99,557
		423,758	476,910
Net current assets/ (liabilities)		4,372	(200,695)
Total assets less current liabilities carried forward		4,344,687	3,326,072

Consolidated Balance Sheet at 31 December 2011 (Continued)

(Expressed in Hong Kong dollars)

	Note	*2011* $'000	*2010* $'000
Total assets less current liabilities brought forward		4,344,687	3,326,072
Non-current liabilities			
Secured bank borrowings due after one year		1,001,985	525,523
Loan from a fellow subsidiary	15	226,200	23,400
Deposits received		57,895	35,157
Deferred income		139,936	160,718
Deferred tax liabilities		160,590	93,712
		1,586,606	838,510
Net assets		2,758,081	2,487,562
Capital and reserves			
Share capital		62,181	41,454
Share premium		1,273,812	1,294,539
Contributed surplus		511,000	511,000
Capital reserve		-	4,926
Revaluation reserve		368	368
Exchange reserve		1,962	340
Hedging reserve		(1,823)	(2,233)
Other reserves		442	345
Accumulated profits		910,139	636,823
Total equity		2,758,081	2,487,562

(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 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 2011 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, financial instruments classified as fair value through profit or loss or as available-for-sale financial assets and derivative financial instruments are stated at fair value.

The preparation of financial statements in conformity with IFRSs and HKFRSs requires management to make 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 a number of amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. The equivalent new HKFRSs and one new Interpretation, 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:

- IAS/HKAS24 (Revised 2009), *Related parties disclosures*
- Improvements to IFRSs/HKFRSs (2010)
- IFRIC/HK(IFRIC) 19, *Extinguishing financial liabilities with equity instruments*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRIC/HK(IFRIC) 19 has not yet had a material impact on the Group's financial statements as these changes will first be effective as and when the Group enters a relevant transaction (for example, a debt for equity swap).

The impacts of other developments are discussed below:

- IAS/HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous period. IAS/HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

- Improvements to IFRSs/HKFRSs (2010) omnibus standard introduces a number of amendments to the disclosure requirements in IFRS/HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instrumentshave been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

4 SEGMENTAL REPORTING

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation 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.

The Group's operating business are organised and managed separately according to the nature of satellite services, which each segment representing a strategic business segment that offers different services in the global market. However, the Group's executive directors considered that over 90% of the Group's revenue, operating results and assets during the year ended 31 December 2011 and 2010 were mainly derived from provision of satellite transponder capacity and related services. Consequently, no operating segment analysis is presented.

Segment results, assets and liabilities

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 2011 and 2010.

	Hong Kong		*Other regions in the PRC*		*Singapore*		*Indonesia*		*Others*		*Total*	
	2011	*2010*	*2011*	*2010*	*2011*	*2010*	*2011*	*2010*	*2011*	*2010*	*2011*	*2010*
	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000	$’000
Turnover from external customers	84,584	72,161	174,636	179,209	101,271	78,007	148,298	148,254	249,528	241,804	758,317	719,435
	=======	========	=======	========	========	========	========	========	========	========	========	========

5 OTHER NET INCOME

Other net income primarily includes the following:

	2011	*2010*
	$'000	$'000
Interest income on bank deposits	2,450	1,142
Interest income on convertible bonds (note 12)	110	-
Rental income in respect of properties	547	386
	=========	=========

6 IMPAIRMENT LOSS RECOGNISED IN RESPECT OF PROPERTY, PLANT AND EQUIPMENT

During 2011, the Group conducted a review of its property, plant and equipment and determined that the recoverable amount of APSTAR 2R is estimated to be less than its carrying amount. Based on the results of the review, an impairment loss of $36,660,000 in respect of a communication satellite, APSTAR 2R, has been recognised and charged to profit or loss. It was concluded that no further impairment is required. There was no impairment loss recognised in respect of property, plant and equipment in 2010.

7 PROFIT BEFORE TAXATION

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

	2011	*2010*
	$'000	*$'000*
(a) Finance costs:		
Interest on bank borrowings and loan from a fellow subsidiary	23,425	7,716
Less: amount capitalised into construction in progress*	(20,281)	(2,810)
	3,144	4,906
Change in fair value on interest rate swaption	18,533	-
Interest expense on deferred consideration	-	1,199
Other borrowing costs	264	225
	21,941	6,330

* The borrowing costs have been capitalised at a rate of 1.9695% - 3.1350% per annum (2010: 2.0515% - 2.4647%).

	2011	*2010*
	$'000	$'000
(b) Other items:		
Auditors' remuneration		
- audit services	1,113	1,042
- tax services	134	120
- other services	12	112
Depreciation	311,808	319,472
Foreign currency exchange (gain)/loss	(8,623)	2,219
Loss on disposal of fixed assets	40	225
Operating lease charges: minimum lease payments		
- land and buildings and equipment	190	197
- satellite transponder capacity	4,746	2,540
Impairment loss on trade and other receivables recognised/ (written back)	125	(147)

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2011	*2010*
	$'000	*$'000*
Current tax – Overseas		
Provision for the year	12,540	12,849
Deferred tax - Hong Kong		
Origination of temporary differences	66,878	61,085
Actual tax expense	79,418	73,934

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% (2010: 16.5%) of the estimated assessable profits for the year. No provision has been made for Hong Kong Profits Tax as there were no estimated Hong Kong assessable profit for the year or tax losses available to offset current year assessable profit. 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.

9 DIVIDENDS

Dividends payable to equity shareholders of the Company attributable for the year

	2011	*2010*
	$'000	$'000
Interim dividend declared and paid of 2 cents per ordinary share (2010: nil)	12,436	-
Final dividend proposed after the balance sheet of 2.5 cents per ordinary share (2010: nil)	15,545	-
	27,981	-

The final dividend proposed after the end of the balance sheet date has not been recognised as a liability at the balance sheet date.

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 $280,923,000 (2010: $198,499,000) and the weighted average of 621,807,000 ordinary shares (2010: 621,152,000 shares after adjusting for bonus issue in 2011) in issue during the year ended 31 December 2011.

Weighted average number of ordinary shares

	2011	*2010*
		(Restated)
	Number	Number
Issued ordinary shares at 1 January	414,538,000	413,265,000
Effect of share options exercised	-	836,000
Effect of bonus issues on shares (note 10(c))	207,269,000	207,051,000
Weighted average number of ordinary shares at 31 December	621,807,000	621,152,000
	=========	=========

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of $280,923,000 (2010: $198,499,000) and the weighted average of 621,807,000 ordinary shares (2010: 621,283,000 shares after adjusting for bonus issue in 2011) during the year ended 31 December 2011.

Weighted average number of ordinary shares (diluted)

	2011	*2010*
		(Restated)
	Number	Number
Weighted average number of ordinary shares at 31 December	621,807,000	621,152,000
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	-	131,000
Weighted average number of ordinary shares (diluted) at 31 December	621,807,000	621,283,000
	=========	=========

10 EARNINGS PER SHARE (CONTINUED)

(c) Bonus issue

On 25 May 2011, an amount of $20,727,000 standing to the credit of the share premium account was applied in paying up in full 207,269,000 ordinary shares of $0.10 each which were allotted and distributed as fully paid to existing shareholders in the proportion of one for every two shares then held.

11 INTANGIBLE ASSET

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

	2011	*2010*
	$'000	$'000
Orbital slot	133,585	133,585
	=========	=========

The Group has obtained the right to operate a satellite at an orbital slot in 2009 in respect of APSTAR 2R. Such intangible asset is considered to have an indefinite life.

No impairment of the intangible asset is recorded as of 31 December 2011 and 2010.

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 year 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 8.8%.

12 INVESTMENT IN CONVERTIBLE BONDS

During the year, a wholly-owned subsidiary of the Company has entered into an agreement to sell an available-for-sale security which represents 5% of the issued share capital of Xinhua TV Asia-Pacific Operating Co. Limited, a Hong Kong incorporated company, to CNC Holding Limited ("CNC") (formerly known as Tsun Yip Holdings Limited), which is a listed company in the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. Fair value of \$111,413,000 of such available-for-sale security was recorded in the consolidated statement of other comprehensive income until disposal on 9 December 2011. On the same date, such fair value was then reclassified to profit or loss as a result of the settlement by the issuance of convertible bonds issued by CNC. The maturity of the convertible bonds is three years with annual interest of 5% and conversion price of \$0.196. At the balance sheet date, the fair value of the convertible bonds is remeasured, with a fair value loss of \$9,989,000 in profit or loss.

The movements of the fair value of the convertible bonds are set out below:

	Total
	\$'000
At the date of initial recognition on 9 December 2011	111,413
Change in fair value recognised in profit or loss	(9,989)
As at 31 December 2011	101,424

The Group engaged an independent valuer, Greater China Appraisal Limited, to assess the fair value of the debt component and the embedded derivative, which were determined in accordance with the effective interest method and Trinomial Lattice Model respectively.

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:

	2011	*2010*
	$'000	$'000
0 - 30 days	43,443	44,735
31 - 60 days	6,896	10,424
61 - 90 days	1,483	3,910
91 - 120 days	198	204
Over 120 days	1,574	630
	53,594	59,903
	==========	==========

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

14 PAYABLES AND ACCRUED CHARGES

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

	2011	*2010*
	$'000	$'000
0 - 3 months	24,899	149,017
4 - 6 months	-	-
7 - 9 months	-	-
9 - 12 months	-	-
	24,899	149,017
Accrued expenses	47,306	28,377
At 31 December	72,205	177,394
	==========	==========

All payables and accrued charges are expected to be settled within one year.

15 LOAN FROM A FELLOW SUBSIDIARY

The balance represents financing provided by a subsidiary of a major shareholder of the Company with respect to the procurement of APSTAR 7B. The loan is secured by the assignment of the procurement contract of APSTAR 7B (including but not limited to all related right and services). As at 31 December 2011, the loan is interest bearing at LIBOR plus 2% to 3.4% (2010: 2%) mark-up and due for payment on 31 January 2013. The Group may make early payment of all or part of the balance at any time before the repayment date without penalty.

16 CONTINGENT LIABILITIES

The Company has given guarantees to bank in respect of the Banking Facilities granted to its subsidiary. The extent of such Banking Facilities utilised by the subsidiary at 31 December 2011 amounted to $1,194,960,000 (2010: $678,600,000).

17 POST BALANCE SHEET EVENT

Subsequent to the end of the accounting period, the directors declared a final dividend of $15,545,000. Further details are disclosed in note 9.

CORPORATE GOVERNANCE

Although the Group has completed the delisting of its American Depository Shares from New York Stock Exchange and has terminated its registration with the Securities and Exchange Commission and its disclosure obligations, the Group still 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 2011, the Group had 96 employees. The Group continues to provide on the 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

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 period ended 31 December 2011. 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 three independent non-executive directors including Dr. Lui King Man (Chairman), Dr. Lam Sek Kong and Mr. Cui Liguo.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE

Throughout the year of 2011, 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:

A.4.1 – 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;

A.4.2 – 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; and

E.1.2 – the Chairman of the Board was absent in the Annual General Meeting held on 24 May 2011 as he had to attend a governmental meeting in Beijing. However, other representatives of the Board including Executive Directors and Independent Non-executive Directors attended the meeting to answer any possible questions in relation to the Group's affairs.

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 2011.

INCREASE OF SHARE CAPITAL

In 2011, the authorised share capital of the Company has increased from HK$100,000,000 to HK$200,000,000 by the creation of an additional 1,000,000,000 shares of HK$0.10 each in the capital of the Company. The total issue share capital was increased from HK$41,453,800 to HK$62,180,700. The total issue share is 621,807,000 shares.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 May 2012 to Friday, 25 May 2012 (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 Friday, 25 May 2012, 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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 21 May 2012.

The register of members of the Company will be closed from Tuesday, 12 June 2012 to Wednesday, 13 June 2012 (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 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 11 June 2012.

ANNUAL REPORT PUBLICATION

The Company's 2011 Annual Report for the year ended 31 December 2011 containing information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the Stock Exchange's website and the Company's website (www.apstar.com) in due course.

NOTE OF APPRECIATION

In 2011, the Group continued to achieve encouraging and excellent results. I would like to take this opportunity to express my sincere gratitude to all the customers of the Group for their support to APT over the years and I would also like to express my grateful gratitude to my fellow Directors and all our staff for their unremitting effort and valuable contribution to the development of the Group.

By Order of the Board
Lei Fanpei
Chairman

Hong Kong, 20 March 2012

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

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

Non-Executive Directors:
Lei Fanpei(Chairman)
Lim Toon
Yin Yen-liang
Yong Foo Chong
Zhuo Chao
Fu Zhiheng
Tseng Ta-mon (alternate director of Yin Yen-liang)

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