APT SATELLITE HOLDINGS LIMITED

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

2013 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 financial results of the Company and its subsidiaries (the "Group") in respect of the financial year ended 31 December 2013, which have been prepared in accordance with International Financial Reporting Standards and Hong Kong Financial Reporting Standards.

RESULTS

Turnover

In 2013, the Group's turnover continued to grow tremendously, with annual turnover amounted to HK$1,138,055,000 (2012: HK$900,611,000), representing an increase of 26.4% amounting to HK$237,444,000 as compared to 2012. The increase of turnover is mainly due to the commencement of commercial operation of APSTAR 7 for the replacement of APSTAR 2R of the Group in June 2012.

Profit before taxation

In 2013, the Group's profit before taxation amounted to HK$647,631,000 (2012: HK$384,419,000), representing an increase of 68.5% amounting to HK$263,212,000 as compared to 2012.

Profit attributable to equity shareholders

In 2013, the Group's profit attributable to equity shareholders amounted to HK$545,471,000 (2012: HK$354,435,000), representing an increase of 53.9% amounting HK$191,036,000 as compared to 2012. Basic earnings per share and diluted earnings per share were HK87.72 cents (2012: HK57.00 cents).

DIVIDENDS

During the year, the Company has declared and paid an interim dividend in cash of HK5.00 cents per share. Given the Group has achieved significant increase in profit during the year of 2013, the Board has resolved to declare a final dividend in cash of HK7.00 cents per share for the financial year ended 31 December 2013 (2012: HK4.00 cents). The final dividend is conditional, upon the passing of the relevant resolution at the forthcoming annual general meeting which will be held on 26 May 2014. The final dividend will be paid on or about Wednesday, 25 June 2014 to shareholders whose names appear on the register of members at the close of business on Friday, 13 June 2014.

BUSINESS REVIEW

In-Orbit Satellites

During year 2013, 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, providing steady, reliable and quality service to our customers.

APSTAR 5

APSTAR 5 is positioned at 138 degree East geostationary orbital slot, with footprints covering Asia, Australia, New Zealand, Pacific Islands and Hawaii, as well as Mainland China, India, Taiwan and Hong Kong. The Group holds 20 C-band transponders and 9 Ku-band transponders of the APSTAR 5. As at 31 December 2013, its utilisation was 85.5%.

APSTAR 6

APSTAR 6 is positioned at 134 degree East geostationary orbital slot, contains 38 C-band transponders and 12 Ku-band transponders with footprints covering the regions in Asia, Australia, New Zealand, Pacific Islands and Hawaii. As at 31 December 2013, its utilisation was 90.9%.

APSTAR 7

APSTAR 7 is positioned at 76.5 degree East geostationary orbital slot with 28 C-band transponders and 28 Ku-band transponders and footprints covering up to 75% of the World's population in Asia Pacific Region, Middle East, Africa and Europe. As of 31 December 2013, its utilisation was 70.4%.

APSTAR 7B

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. The Group was able, starting from the second half of 2013, to sign with China Satcom a lease cooperation agreement for certain transponder capacities of APSTAR 7B to provide transponder services to the market.

APSTAR 9A

Based on the transponder and communication services master agreement entered into between the Group and China Satcom, the Group has started in the end of 2013 the leasing of certain transponders of Chinasat 5A from China Satcom. The Chinasat 5A satellite was drifted to 142 degree East orbital slot, and was renamed as APSTAR 9A. APSTAR 9A will develop customer base for APSTAR 9 Satellite, the Group's newly invested satellite, and achieve growths in business revenue and profit over the coming two years.

Future Satellite

APSTAR 9

On 22 November 2013, APT Satellite Company Limited "APT (HK)", a wholly-owned subsidiary of the Company, entered into the APSTAR 9 Satellite In-orbit Delivery Contract with China Great Wall Industry (Hong Kong) Corp. Limited (the "Contractor"), a wholly owned subsidiary of China Great Wall Industry Corporation, in respect of the manufacturing, delivery and launching of a high power geostationary communication satellite based on DFH-4 series platform, with 32 C-band transponders and 14 Ku-band transponders. APSTAR 9 is expected to be launched in the fourth quarter of 2015. After the in-orbit delivery of the APSTAR 9 Satellite at 142E degree orbital slot, it will subsequently replace APSTAR 9A. The Group believes that APSTAR 9 Satellite will further enhance the Group's capability of transponder services, broadcasting services and telecommunication services in Asia Pacific Region so as to expand the customer base and increase the business revenue and profit.

TRANSPONDER LEASE SERVICES

During year 2013, the Group has maintained high utilisation rates. The Group has maintained its strong market shares as well as increased new customers and sales in the Asia Pacific region, Middle East, and Africa, and has further enhanced the Group's customer-base and market outreach for future development.

SATELLITE TV BROADCASTING AND UPLINK SERVICES

The Group's broadcasting services is delivered through its wholly-owned subsidiary, APT Satellite TV Development Limited, which will continue to provide TV broadcasting services under its Non-domestic Television Programme Service Licence. Broadcasting services have again achieved new business growth in 2013.

SATELLITE-BASED TELECOMMUNICATION SERVICES

APT Telecom Services Limited, a wholly-owned subsidiary of the Group, provides satellite-based external telecommunication services such as VSAT, facilities management services, satellite telecommunication and satellite television uplink services under the Fixed Carrier Licence of Hong Kong to telecommunication operators or customers including satellite operators and Internet service providers in the region.

DATA CENTRE SERVICES

APT Datamatrix Limited, a wholly owned subsidiary of the Group, has started the commercial operation and provides data centre services based on the expansion of the existing facilities station from the first quarter of 2013. Data centre service is a newly established telecommunication service for our customers with significant business growth potential and excellent synergic effect with satellite services, broadcasting services and telecommunication services.

BUSINESS PROSPECTS

Looking into 2014, the supply of transponders will increase rapidly in the Asia Pacific Region, Middle East and African region. The market competition of the satellite industry will become very fierce and the market will encounter price downward pressure. Nevertheless, the transponder utilisation rates of the Group's satellites, APSTAR 5, APSTAR 6, APSTAR 7, APSTAR 7B and APSTAR 9A will be maintained at a high level and will achieve satisfactory revenue and profit. Meanwhile, the Group will continue to achieve synergic effect from various value- added services in TV broadcasting services, telecommunication services and data centre services for fueling business growth.

FINANCIAL REVIEW

As at 31 December 2013, 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 years ended 31 December 2013 and 31 December 2012:

	2013	2012	Change
HK$ thousand			
Turnover	**1,138,055**	900,611	+26.4%
Gross profit	**729,980**	528,248	+38.2%
Profit before taxation	**647,631**	384,419	+68.5%
Profit attributable to shareholders	**545,471**	354,435	+53.9%
Basic earnings per share *(HK cents)*	**87.72**	57.00	+53.9%
EBITDA Margin *(%)*	**78.3%**	80.1%	–1.8%
Total assets	**5,546,311**	5,027,948	+10.3%
Total liabilities	**1,969,928**	1,941,373	+1.5%
Gearing ratio *(%)*	**35.5%**	38.6%	–3.1%
Liquidity ratio	**5.28 times**	5.14 times	+0.14 times

The turnover of the Group increased by 26.4%, representing an increase of HK$237,444,000, comparing to 2012. The increase in turnover was mainly due to the result of recognising a full year of income generated from some new utilisation contracts for APSTAR 7 which commenced to operate from 1 June 2012. The profit attributable to shareholders increased by 53.9% to HK$545,471,000 due to the following factors:

Other net income

Other net income for the year ended 31 December 2013 increased to HK$43,119,000, as compared to other net income of HK$25,515,000 for the previous year. The increase was mainly due to the interest income generated from the Renminbi bank deposit and foreign currencies exchange gain.

Finance costs

Finance costs for the year ended 31 December 2013 increased to HK$27,928,000, as compared to finance costs of HK$21,250,000 for the previous year. The increase was primarily due to related interest expenses were no longer capitalised upon commencement of APSTAR 7's operation.

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

Based on a review performed by an independent professional valuer as at 31 December 2013, the fair value of the convertible bonds was remeasured at HK$101,683,000, with a fair value gain of HK$34,470,000 recognised in profit or loss. The movements of investment in convertible bonds of the Group are set out in note 13 to this announcement.

Income tax

Income tax expenses for the year ended 31 December 2013 increased to HK$102,160,000, as compared to HK$29,984,000 in 2012. The increase was mainly due to the increase in operating profit in current year and reversal of provision for withholding taxes on overseas income was made in 2012. The details of income tax of the Group are set out in note 8 to this announcement.

SIGNIFICANT INVESTMENT

Purchase of APSTAR 9

On 22 November 2013, APT Satellite Company Limited (APT HK), a wholly-owned subsidiary of the Company, entered into a satellite contract with contractor in respect of, inter alia, the manufacturing, delivery and launching of the APSTAR 9 Satellite. APT HK shall pay a sum of US$211,200,000 in respect of the contract baseline price and certain amounts pursuant to the satellite contract. The transaction was approved by the shareholders at the special general meeting held on 9 January 2014.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year, the Group's capital expenditure incurred for fixed assets was HK$24,676,000 (2012: HK$701,539,000). The capital expenditure was mainly for the payments of the additions of equipment, including the equipment for data centre services. 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 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 hold receipts of the transponder income. During the year, the Group has repaid US$12,000,000 (approximately HK$93,600,000) against the 2010 Facility. The outstanding principal balance of the 2010 Facility was US$160,000,000 (approximately HK$1,248,000,000) at 31 December 2013.

As at 31 December 2013, the total borrowings amounted to approximately HK$1,241,038,000 (as at 31 December 2012: approximately HK$1,333,568,000). The Group recorded a decrease of approximately HK$92,530,000 in the total borrowings during the year ended 31 December 2013, which were due to the early loan repayment against out 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	107,980,000
Repayable after one year but within five years	1,133,058,000
Repayable after five years	–
	1,241,038,000

As at 31 December 2013, the Group's total liabilities were HK$1,969,928,000, an increase of HK$28,555,000 as compared to 31 December 2012. As a result, the gearing ratio (total liabilities/total assets) has decreased to 35.5%, representing a 3.1 percentage points decrease as compared to 31 December 2012.

For the year ended 31 December 2013, the Group recorded a net cash outflow of HK$67,004,000 (2012: HK$83,529,000). As at 31 December 2013, the Group has approximately HK$1,564,141,000 of cash and bank deposits, 44% of which were denominated in United States Dollar, 55% in Renminbi and 1% in Hong Kong Dollar and other currencies which comprising HK$89,531,000 cash and cash equivalents, HK$1,459,106,000 bank deposits with original maturity beyond 3 months and HK$15,504,000 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 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 appreciated by 1.9% against the Hong Kong Dollar during the year ended 31 December 2013.

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 2013, the pledged bank deposits of HK$15,504,000 (2012: HK$56,887,000) are related to certain commercial arrangements and 2010 Facility which existed at the balance sheet date.

At 31 December 2013, 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$3,840,000 (2012: HK$3,957,000).

Capital commitments

As at 31 December 2013, the Group has outstanding capital commitments of HK$1,653,799,000 (2012: HK$14,091,000), which were contracted but not provided for and there were no authorised but not contracted for (2012: HK$4,740,000) which were in the Group's financial statements. The capital commitments are mainly in respect of future progress payment of APSTAR 9.

Contingent liabilities

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

Post balance sheet event

After the balance sheet date the directors proposed a final dividend. Further details are disclosed in note 17 of this announcement.

FINANCIAL HIGHLIGHTS

Consolidated income statement

for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Note	**2013** **$'000**	2012 $'000
Turnover	4	**1,138,055**	900,611
Cost of services		**(408,075)**	(372,363)
Gross profit		**729,980**	528,248
Other net income	6	**43,119**	25,515
Administrative expenses		**(133,578)**	(114,779)
Valuation gains on investment property		**1,568**	896
Profit from operations		**641,089**	439,880
Fair value changes on financial instrument designated at fair value through profit or loss	13	**34,470**	(34,211)
Finance costs	7(a)	**(27,928)**	(21,250)
Profit before taxation	7	**647,631**	384,419
Income tax	8	**(102,160)**	(29,984)
Profit for the year and attributable to equity shareholders of the Company		**545,471**	354,435
Earnings per share	10		
Basic and diluted		**87.72 cents**	57.00 cents

Consolidated statement of comprehensive income

for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	2013	2012
	$'000	*$'000*
Profit for the year	**545,471**	354,435
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss	**–**	–
Items that are or may be reclassified subsequently to profit or loss		
Exchange differences on translation of:		
– financial statements of subsidiaries outside Hong Kong	**299**	217
Cashflow hedge: net movement in hedging reserve	**–**	1,823
	299	2,040
Other comprehensive income for the year	**299**	2,040
Total comprehensive income for the year	**545,770**	356,475

Consolidated balance sheet

at 31 December 2013

(Expressed in Hong Kong dollars)

	Note	**2013** **\$'000**	2012 \$'000
Non-current assets			
Property, plant and equipment	11	**3,183,673**	3,453,945
Investment property		**5,359**	3,791
Intangible asset	12	**133,585**	133,585
Interest in joint venture		**490**	–
Investment in convertible bonds	13	**–**	67,213
Club memberships		**5,537**	5,537
Prepaid expenses		**459,741**	461,854
		3,788,385	4,125,925
Current assets			
Investment in convertible bonds	13	**101,683**	–
Trade receivables, net	14	**60,511**	96,413
Deposits, prepayments and other receivables		**31,591**	19,829
Pledged bank deposits		**15,504**	56,887
Bank deposits with original maturity beyond 3 months		**1,459,106**	572,359
Cash and cash equivalents		**89,531**	156,535
		1,757,926	902,023
Current liabilities			
Payables and accrued charges	15	**117,049**	64,955
Rentals received in advance		**61,812**	60,741
Secured bank borrowings due within one year		**107,980**	–
Current taxation		**46,045**	49,882
		332,886	175,578
Net current assets		**1,425,040**	726,445
Total assets less current liabilities carried forward		**5,213,425**	4,852,370

Consolidated balance sheet *(continued)*
at 31 December 2013
(Expressed in Hong Kong dollars)

	Note	**2013**	2012
		$'000	*$'000*
Total assets less current liabilities brought forward		**5,213,425**	4,852,370
Non-current liabilities			
Secured bank borrowings due after one year		**1,133,058**	1,333,568
Deposits received		**88,350**	84,473
Deferred income		**92,132**	115,735
Deferred tax liabilities		**323,502**	232,019
		1,637,042	1,765,795
Net assets		**3,576,383**	3,086,575
Capital and reserves			
Share capital		**62,181**	62,181
Share premium		**1,273,812**	1,273,812
Contributed surplus		**511,000**	511,000
Revaluation reserve		**368**	368
Exchange reserve		**2,478**	2,179
Other reserves		**442**	442
Accumulated profits		**1,726,102**	1,236,593
Total equity		**3,576,383**	3,086,575

Consolidated statement of changes in equity

for the year ended 31 December 2013
(Expressed in Hong Kong dollars)

	Share capital $'000	Share premium $'000	Contributed surplus $'000	Revaluation reserve $'000	Exchange reserve $'000	Hedging reserve $'000	Other reserves $'000	Accumulated profits $'000	Total equity $'000
Balance at 1 January 2012	62,181	1,273,812	511,000	368	1,962	(1,823)	442	910,139	2,758,081
Changes in equity for 2012:									
Profit for the year	–	–	–	–	–	–	–	354,435	354,435
Other comprehensive income	–	–	–	–	217	1,823	–	–	2,040
Total comprehensive income	–	–	–	–	217	1,823	–	354,435	356,475
Dividend approved in respect of the previous year	–	–	–	–	–	–	–	(15,545)	(15,545)
Dividend declared in respect of the current year	–	–	–	–	–	–	–	(12,436)	(12,436)
Balance at 31 December 2012	62,181	1,273,812	511,000	368	2,179	–	442	1,236,593	3,086,575
Balance at 1 January 2013	62,181	1,273,812	511,000	368	2,179	–	442	1,236,593	3,086,575
Changes in equity for 2013:									
Profit for the year	–	–	–	–	–	–	–	545,471	545,471
Other comprehensive income	–	–	–	–	299	–	–	–	299
Total comprehensive income	–	–	–	–	299	–	–	545,471	545,770
Dividend approved in respect of the previous year	–	–	–	–	–	–	–	(24,872)	(24,872)
Dividend declared in respect of the current year	–	–	–	–	–	–	–	(31,090)	(31,090)
Balance at 31 December 2013	62,181	1,273,812	511,000	368	2,478	–	442	1,726,102	3,576,383

(Expressed in Hong Kong dollars)
Notes:

1 STATEMENT OF COMPLIANCE

The 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 ("HKFRS"), 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, the financial statements also comply with HKFRSs. The 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 ("Listing Rules").

2 BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investments in convertible bonds and investment property 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 new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. The equivalent amendments to HKFRSs, 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:

- Amendments to IAS/HKAS 1, Presentation of financial statements – Presentation of items of other comprehensive income

- IFRS/HKFRS 10, Consolidated financial statements

– IFRS/HKFRS 12, Disclosures of interests in other entities

– IFRS/HKFRS 13, Fair value measurement

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

The impacts of the developments are discussed below:

- The amendments to IAS/HKAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

- IFRS/HKFRS 10 replaces the requirements in IAS/HKAS 27, *Consolidated and separate financial statements* relating to the preparation of consolidated financial statements and SIC/HK-SIC 12 *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

  As a result of the adoption of IFRS/HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

- IFRS/HKFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS/HKFRS 12 are generally more extensive than those previously required by the respective standards.

- IFRS/HKFRS 13 replaces existing guidance in individual IFRSs/HKFRSs with a single source of fair value measurement guidance. IFRS/HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of IFRS/HKFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

4 TURNOVER

The principal activities of the Group are the maintenance, operation, and provision of satellite transponder capacity and related services and satellite-based broadcasting and telecommunications services and other services.

Turnover 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 recognised in turnover during the year is as follows:

	2013	2012
	$'000	*$'000*
Income from provision of satellite transponder capacity and related services	**1,099,829**	863,506
Income from provision of satellite-based broadcasting and telecommunications services	**29,886**	31,321
Service income	**8,340**	5,784
	1,138,055	900,611

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 2013 and 2012 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 only two customers with whom transactions have exceeded 10% of the Group's revenue. For the year ended 31 December 2013, revenue of approximately $273,325,000 (2012: $125,000,000) 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 2013 were $105,112,000, $282,891,000, $418,706,000 and $331,346,000 respectively (2012: $96,682,000, $234,423,000, $322,263,000 and $247,243,000 respectively).

In prior years, the place of incorporation of customers were deemed the geographical location from where the Group derived its revenues for segment reporting purpose. Management has reconsidered this basis during the current period in light of the Group's expanding customer portfolio and is of the view that the geographical regions where the Group's satellites are providing coverage would be a more appropriate basis to categorise the geographical locations from which the Group derives revenues. Given the wide-area broadcasting nature of the Group's satellite operation, the satellite coverage information at individual country level may not always be readily available and the cost of obtaining such information could be excessive. According, the basis of presentation for the above geographical revenue information, including the comparatives, have been changed from country-based to region-based.

6 OTHER NET INCOME

Other net income primarily includes the following:

	2013	2012
	$'000	*$'000*
Interest income on bank deposits	**23,069**	10,504
Interest income on convertible bonds	**1,750**	1,750
Other interest income	**709**	445
Foreign currencies exchange gain	**12,564**	5,274
Rental income in respect of properties	**579**	515
Other service income	**4,001**	5,952
Gain on disposal of property, plant and equipment	**24**	528
Other income	**423**	547
	43,119	25,515

7 PROFIT BEFORE TAXATION

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

	2013	2012
	$'000	*$'000*
(a) Finance costs		
Interest on bank borrowings and loan from a fellow subsidiary	**25,807**	34,109
Less: amount capitalised into construction in progress*	**–**	(15,465)
	25,807	18,644
Change in fair value on derivative financial instrument	**–**	966
Other borrowing costs	**2,121**	1,640
	27,928	21,250

* In 2012, the borrowing costs have been capitalised at a rate of 2.0204% – 3.9511% per annum.

		2013	2012
		$'000	*$'000*
(b)	**Other items**		
	Auditors' remuneration		
	– audit services	**1,249**	1,196
	– tax services	**145**	177
	– other services	**148**	133
	Depreciation	**294,936**	307,997
	Operating lease charges: minimum lease payments		
	– land and buildings and equipment	**232**	212
	– satellite transponder capacity	**39,913**	12,578
	Impairment loss on trade and other receivables recognised	**5,918**	213

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2013	2012
	$'000	*$'000*
Current tax – Outside Hong Kong		
Provision for the year	**17,041**	13,889
Over-provision in respect of prior years	**(6,364)**	(55,334)
	10,677	(41,445)
Deferred taxation – Hong Kong	**91,483**	71,429
Actual tax expense	**102,160**	29,984

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

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% (2012: 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

	2013	2012
	$'000	*$'000*
Interim dividend declared and paid of 5.00 cents per ordinary share (2012: 2.00 cents)	**31,090**	12,436
Final dividend proposed after the balance sheet date of 7.00 cents per ordinary share (2012: 4.00 cents)	**43,526**	24,872
	74,616	37,308

As the final dividend is proposed after the balance sheet date, such dividend has not been recognised as a liability at the balance sheet date.

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

	2013	2012
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 4.00 cents per share (2012: 2.50 cents)	**24,872**	15,545

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 $545,471,000 (2012: $354,435,000) and the weighted average of 621,807,000 ordinary shares (2012: 621,807,000 shares) in issue during the year.

(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 2013 and 2012.

11 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the year ended 31 December 2013, the Group acquired property, plant and equipment at a cost of $24,676,000 (31 December 2012: $701,539,000). Property, plant and equipment with a net book value of $25,000 was disposed of during the year ended 31 December 2013 (31 December 2012: $1,012,116,000), resulting in a gain on disposal of $24,000 (31 December 2012: gain of $528,000).

12 INTANGIBLE ASSET

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

	2013	2012
	$'000	*$'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 of 31 December 2013 and 2012.

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 2014. Cash flows beyond 2014 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 present value of cash flows was calculated using a discount rate of approximately 11.1% (2012: 7.8%).

13 INVESTMENT IN CONVERTIBLE BONDS

The Group holds convertible bonds issued by CNC Holdings Limited, a company listed in the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. The maturity of the convertible bonds is three years from the date of inception on 9 December 2011, and with an annual interest of 5% and conversion price of $0.196. At 31 December 2013, the fair value of the convertible bonds was remeasured at $101,683,000 (31 December 2012: $67,213,000), with a fair value gain of $34,470,000 (31 December 2012: loss of $34,211,000) in profit or loss.

The movement of each component of the convertible bonds is set out below:

	Debt component	**Derivatives component**	**Total**
	$'000	*$'000*	*$'000*
As at 1 January 2012	26,537	74,887	101,424
Change in fair value recognised in profit or loss	3,175	(37,386)	(34,211)
As at 31 December 2012 and 1 January 2013	29,712	37,501	67,213
Change in fair value recognised in profit or loss	87	34,383	34,470
As at 31 December 2013	29,799	71,884	101,683

Both the fair value of the debt and derivative components are measured with significant inputs directly or indirectly based on observable market data (at Level 2).

14 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 balance sheet date:

	2013	2012
	$'000	*$'000*
1 – 30 days	**24,783**	30,429
31 – 60 days	**8,412**	11,470
61 – 90 days	**5,920**	7,770
91 – 120 days	**3,455**	5,493
Over 120 days	**17,941**	41,251
	60,511	96,413

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

15 PAYABLES AND ACCRUED CHARGES

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

	2013	2012
	$'000	*$'000*
0 – 3 months	**36,770**	16,476
4 – 6 months	**–**	–
7 – 9 months	**–**	–
9 – 12 months	**–**	–
	36,770	16,476
Accrued expenses	**80,279**	48,479
At 31 December	**117,049**	64,955

16 CONTINGENT LIABILITIES

The Company has given bank guarantee in respect of the banking facilities granted to APT Satellite Company Limited (APT HK), a wholly-owned subsidiary of the Company. The extent of such banking facilities utilised by the subsidiary at 31 December 2013 amounted to $1,248,000,000 (2012: $1,341,600,000).

17 POST BALANCE SHEET EVENT

After the balance sheet date, the directors declared a final dividend of $43,526,000. Further details are disclosed in note 9.

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 2013, the Group had 111 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

In the meeting on 21 March 2014, 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 2013. 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 2013, 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

A6.7 – Mr. Lei Fanpei, being Chairman of the Board, and Mr. Lim Toon, Dr. Yin Yen-liang, Mr. Yong Foo Chong, Mr. Zhuo Chao, Mr. Fu Zhiheng, being Non-executive Directors, and Dr. Meng Xingguo, being Independent Non-executive Director, were unable to attend the Annual General Meeting held on 23 May 2013 as they were on business trips or attending important matters in overseas. However, other members of the Board including all Executive Directors and all Independent Non-executive Directors (except Dr. Meng Xingguo) 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 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 21 May 2014 to Monday, 26 May 2014 (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, 26 May 2014, 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 Tuesday, 20 May 2014.

The register of members of the Company will be closed from Tuesday, 10 June 2014 to Friday, 13 June 2014 (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 Monday, 9 June 2014.

ANNUAL REPORT PUBLICATION

The consolidated financial information set out above does not constitute the Company's statutory financial statement for the year ended 31 December 2013, but represents an extract from those financial statements.

The Company's 2013 Annual Report for the year ended 31 December 2013 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 2013, 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
Lei Fanpei
Chairman

Hong Kong, 24 March 2014

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
Meng Xingguo