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亞太衛星控股有限公司*

APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1045)

2014 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 2014, which have been prepared in accordance with International Financial Reporting Standards and Hong Kong Financial Reporting Standards.

RESULTS

Turnover

In 2014, the Group's turnover amounted to HK$1,247,518,000 (2013: HK$1,138,055,000), representing an increase of 9.6% amounting to HK$109,463,000 as compared to 2013.

Profit before taxation

In 2014, the Group's profit before taxation amounted to HK$618,789,000 (2013: HK$647,631,000), representing a decrease of 4.5% amounting to HK$28,842,000 as compared to 2013.

Profit attributable to equity shareholders

In 2014, the Group's profit attributable to equity shareholders amounted to HK$508,045,000 (2013: HK$545,471,000). Basic earnings per share and dilute earnings per share were HK81.70 cents (2013: HK87.72 cents).

DIVIDENDS

During the year, the Company has declared and paid an interim dividend in cash of HK5.00 cents per share. The Board has resolved to declare a final dividend in cash of HK7.00 cents per share for the financial year ended 31 December 2014 (2013: HK7.00 cents). The final dividend is conditional, upon the passing of the relevant resolution at the forthcoming annual general meeting which will be held on Friday, 22 May 2015. The final dividend will be paid on or about Thursday, 25 June 2015 to shareholders

* *For identification purpose only*

whose names appear on the register of members at the close of business on Tuesday, 2 June 2015.

BONUS ISSUE

The Board of Directors has proposed to make a bonus issue of shares (the "Bonus Issue") to the shareholders of the Company on the basis of 1 bonus share for every 2 shares held by the shareholders whose names appear on the register of members of the Company on Tuesday, 2 June 2015. The bonus shares will rank pari passu in all respects with the then existing shares in issue.

The Bonus Issue is conditional, upon the passing of the relevant resolutions at the forthcoming annual general meeting which will be held on Friday, 22 May 2015 and the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the new shares to be issued under the Bonus Issue.

A circular which set out the details of the Bonus Issue will be sent to the shareholders as soon as possible.

BUSINESS REVIEW

In-Orbit Satellites

During the year, 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 qualified service to our customers. As at 31 December 2014, the average transponder utilisation rate of the Group's in-orbit satellites was 76.8%.

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 APSTAR 5. As at 31 December 2014, its utilisation rate was 77.4%.

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 2014, its utilisation rate was 85.6%.

APSTAR 7

APSTAR 7 is positioned at 76.5 degree East geostationary orbital slot with 28 C-band 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 at 31 December 2014, its utilisation rate was 65.8%.

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 has started, in 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

The Group has started in the beginning of 2014 the leasing of certain transponders of Chinasat 5A at 142 degree East geostationary orbital slot from China Satcom. The Chinasat 5A was renamed as APSTAR 9A. APSTAR 9A has successfully developed customer base for its replacement satellite, APSTAR 9 Satellite, and achieve growths in business performance and secure market share over the coming year. As at 31 December 2014, its utilisation rate was 86.0%.

Future Satellite

APSTAR 9

APSTAR 9 Satellite 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 Satellite 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. APSTAR 9 Satellite will take up the customer base of APSTAR 9A Satellite upon the completion of the satellite replacement process. 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. As at 31 December 2014, the construction progress of the satellite has been smooth, and APSTAR 9 Satellite will be launched and positioned at designated orbital slot and replace APSTAR 9A on schedule.

TRANSPONDER LEASE SERVICES

During 2014, notwithstanding the fierce competition due to the oversupply of transponder capacity, the Group has maintained high utilisation rates. With the successful operations of APSTAR 9A Satellite, the Group has maintained its strong market shares as well as increased new customers and sales in the Asia Pacific region, and has further enhanced the Group's customer-base and market outreach paving the way for APSTAR 9 Satellite.

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 achieved again new business growth in 2014.

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, provides data centre services based on the expansion of the existing facilities station. Data centre service as 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 2015, the supply of traditional transponders will increase rapidly, and the high-throughput satellite projects will emerge in the market. The market competition of the satellite industry in the Asia Pacific Region, Middle East and African region will become fiercer. We have encountered significant downward trend on the lease price. Under such circumstances, the transponder utilisation rates of the Group's satellites, APSTAR 5, APSTAR 6, APSTAR 7 and APSTAR 9A will still be maintained at a high level, however, the impact on utilisation rates and prices will impose higher pressure to the Group's revenue and profit. To cope with changing market, the Group will strive to develop the transponder capacity business, meanwhile, improve our value-added services in TV broadcasting services, telecommunication services and data centre services to achieve synergic effect to support and enhance the growth in the transponder capacity business. APSTAR 9 Satellite will be launched in the fourth quarter of 2015 and commence commercial operation immediately afterwards, which will enhance the continuing business growth and development potential of the Group.

FINANCIAL REVIEW

As at 31 December 2014, 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 2014 and 31 December 2013:

	2014	2013	**Change**
HK$ thousand			
Turnover	**1,247,518**	1,138,055	**+9.6%**
Gross profit	**779,828**	729,980	**+6.8%**
Profit before taxation	**618,789**	647,631	**-4.5%**
Profit attributable to shareholders	**508,045**	545,471	**-6.9%**
Basic earnings per share *(HK cents)*	**81.70**	87.72	**-6.9%**
EBITDA	**957,425**	891,338	**+7.4%**
EBITDA Margin *(%)*	**76.7%**	78.3%	**-1.6%**
Total assets	**6,564,257**	5,546,311	**+18.4%**
Total liabilities	**2,554,755**	1,969,928	**+29.7%**
Gearing ratio *(%)*	**38.9%**	35.5%	**+3.4%**
Liquidity ratio	**2.14 times**	5.28 times	**-3.14 times**

The turnover of the Group increased by 9.6%, representing an increase of HK$109,463,000, comparing to year of 2013. The growth in turnover was mainly due to the income generating from the new utilisation contracts on APSTAR 9A, which entered commercial service in 2014. The profit attributable to shareholders decreased by 6.9% to HK$508,045,000. The decrease was mainly due to losses on changes in fair value of financial instruments. If the fair value loss is excluded, the net profit generating from core business increased by 8.3% as comparing to year of 2013.

Cost of services

Cost of services increased by 14.6% to HK$467,690,000, which was in line with the income earned from the APSTAR 9A. Gross profit increased by 6.8% to HK$779,828,000.

Other net income

Other net income for the year ended 31 December 2014 decreased to HK$27,681,000, as compared to other net income of HK$43,119,000 for the previous year. The decrease was impacted by a non-cash loss on foreign exchange, which was mainly due to the Renminbi has depreciated against the Hong Kong Dollar as at 31 December 2014.

Finance costs

Finance costs for the year ended 31 December 2014 decreased to HK$25,139,000, as compared to finance costs of HK$27,928,000 for the previous year. 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

In May 2014, the Group converted the convertible bonds issued by CNC Holdings Limited held into 178,571,429 ordinary shares of the issuer and realised a fair value loss of HK$66,683,000 upon conversion. The investment in listed share of CNC Holdings Limited is designated as "financial assets at fair value through profit or loss" with an initial fair value of HK$35,000,000. During the year, 16,220,000 ordinary shares of CNC Holdings Limited was disposed, with gain on disposal of investment of HK$2,172,000 credited to profit or loss. Based on the market price as at 31 December 2014, the balance of 162,351,429 ordinary shares was remeasured at a fair value of HK$51,141,000, with fair value gain of HK$21,088,000 credited to profit or loss. The details of financial assets at fair value through profit or loss of the Group are set out in note 15 to this announcement.

Income tax

Income tax expenses for the year ended 31 December 2014 increased to HK$110,744,000, as compared to HK$102,160,000 in 2013. The increase was mainly due to the increase in operating profit in current year. The details of income tax of the Group are set out in note 8 to this announcement.

EBITDA

As a result of including the income generated from APSTAR 9A, EBITDA for the year ended 31 December 2014 improved by 7.4% to HK$957,425,000, with the margin slightly decreased to 76.7% from 78.3%.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year, the Group's capital expenditure incurred for property, plant and equipment was HK$1,076,511,000 (2013: HK$24,676,000). The capital expenditure was mainly for the payments for the purchases of APSTAR 9 and other equipment. 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$28,000,000 (approximately HK$218,400,000) against the 2010 Facility. The outstanding principal balance of the 2010 Facility was US$132,000,000 (approximately HK$1,029,600,000) at 31 December 2014.

As at 31 December 2014, the total borrowings amounted to approximately HK$1,025,590,000 (2013: approximately HK$1,241,038,000). The Group recorded a decrease of approximately HK$215,448,000 in the total borrowings during the year ended 31 December 2014, 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	155,819,000
Repayable after one year but within five years	869,771,000
Repayable after five years	–
	1,025,590,000

As at 31 December 2014, the Group's total liabilities were HK$2,554,755,000, an increase of HK$584,827,000 as compared to 31 December 2013, after taking into the payable amount of capital expenditures of APSTAR 9. As a result, the gearing ratio (total liabilities/total assets) has increased to 38.9%, representing a 3.4 percentage points increase as compared to 31 December 2013.

For the year ended 31 December 2014, the Group recorded a net cash inflow of HK$519,299,000 (2013: net cash outflow of HK$67,004,000) which included net cash inflow of HK$745,530,000 generated from operating activities and HK$111,467,000 generated from investing activities. This was offset by net cash outflow of HK$315,974,000 used in financing activities. The cash flow used in financing activities consisted of HK$218,400,000 for repayment of 2010 Facility. As at 31 December 2014, the Group has approximately HK$1,627,770,000 of cash and bank deposits, 44.2% of which were denominated in United States Dollar, 55.7% in Renminbi and 0.1% in Hong Kong Dollar and other currencies which comprising HK$608,830,000 cash and cash equivalents, HK$1,007,874,000 bank deposits with original maturity beyond 3 months and HK$11,066,000 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 next 12 months.

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 2014.

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 2014, the pledged bank deposits of HK$11,066,000 (2013: HK$15,504,000) are related to certain commercial arrangements and 2010 Facility which existed at the end of the reporting period.

At 31 December 2014, 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$3,724,000 (2013: HK$3,840,000).

Capital commitments

As at 31 December 2014, the Group has outstanding capital commitments of HK$593,196,000 (2013: HK$1,653,799,000), which were contracted but not provided for and there were no authorised but not contracted for which were in the Group's financial statements, mainly in respect of progress payment for the purchases of APSTAR 9.

Contingent liabilities

The details of contingent liabilities of the Group are set out in note 18 of this announcement.

Post statement of financial position event

After the end of the reporting period the directors proposed a final dividend. Further details are disclosed in note 19 of this announcement.

FINANCIAL HIGHLIGHTS

Consolidated statement of profit or loss

for the year ended 31 December 2014

(Expressed in Hong Kong dollars)

	Note	**2014**	2013
		$'000	*$'000*
Turnover	4	**1,247,518**	1,138,055
Cost of services		**(467,690)**	(408,075)
Gross profit		**779,828**	729,980
Other net income	6	**27,681**	43,119
Administrative expenses		**(118,377)**	(133,578)
Valuation gains on investment property		**391**	1,568
Profit from operations		**689,523**	641,089
Fair value changes on financial instrument designated at fair value through profit or loss	15	**(45,595)**	34,470
Finance costs	7(a)	**(25,139)**	(27,928)
Profit before taxation	7	**618,789**	647,631
Income tax	8	**(110,744)**	(102,160)
Profit for the year and attributable to equity shareholders of the Company		**508,045**	545,471
Earnings per share	10		
Basic and diluted		**81.70 cents**	87.72 cents

Consolidated statement of comprehensive income

for the year ended 31 December 2014
(Expressed in Hong Kong dollars)

	2014	2013
	$'000	*$'000*
Profit for the year	**508,045**	545,471
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	**(309)**	299
	(309)	299
Other comprehensive income for the year	**(309)**	299
Total comprehensive income for the year	**507,736**	545,770

Consolidated statement of financial position

at 31 December 2014

(Expressed in Hong Kong dollars)

	Note	**2014** **\$'000**	2013 \$'000
Non-current assets			
Property, plant and equipment	11	**3,964,040**	3,183,673
Investment property		**5,750**	5,359
Intangible asset	12	**133,585**	133,585
Interest in joint venture		**490**	490
Club memberships		**5,537**	5,537
Prepaid expenses	13	**110,926**	459,741
Loan receivables	14	**24,180**	–
Deferred tax assets		**2,030**	–
		4,246,538	3,788,385
Current assets			
Investment in convertible bonds	15	**–**	101,683
Financial assets at fair value through profit or loss	15	**51,141**	–
Trade receivables, net	16	**112,007**	60,511
Deposits, prepayments and other receivables		**502,621**	31,591
Loan receivables	14	**24,180**	–
Pledged bank deposits		**11,066**	15,504
Bank deposits with original maturity beyond 3 months		**1,007,874**	1,459,106
Cash and cash equivalents		**608,830**	89,531
		2,317,719	1,757,926
Current liabilities			
Payables and accrued charges	17	**821,068**	117,049
Rentals received in advance		**63,605**	61,812
Secured bank borrowings due within one year		**155,819**	107,980
Current taxation		**44,507**	46,045
		1,084,999	332,886
Net current assets		**1,232,720**	1,425,040
Total assets less current liabilities carried forward		**5,479,258**	5,213,425

Consolidated statement of financial position (continued)

at 31 December 2014

(Expressed in Hong Kong dollars)

	Note	**2014**	2013
		$'000	*$'000*
Total assets less current liabilities brought forward		**5,479,258**	5,213,425
Non-current liabilities			
Secured bank borrowings due after one year		**869,771**	1,133,058
Deposits received		**82,648**	88,350
Deferred income		**90,911**	92,132
Deferred tax liabilities		**426,426**	323,502
		1,469,756	1,637,042
Net assets		**4,009,502**	3,576,383
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		**2,169**	2,478
Other reserves		**442**	442
Accumulated profits		**2,159,530**	1,726,102
Total equity		**4,009,502**	3,576,383

Consolidated statement of changes in equity

for the year ended 31 December 2014
(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 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
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	–	–	–	–	–	–	(43,526)	(43,526)
Dividend declared in respect of the current year	–	–	–	–	–	–	(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

(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, these financial statements also comply with HKFRSs. These 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 2014 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 financial assets at fair value through profit or loss, 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 amendments to IFRSs and one new interpretation 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 IFRS/HKFRS 10, IFRS/HKFRS 12 and IAS/HKAS 27, *Investment entities*
- Amendments to IAS/HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS/HKAS 36, *Recoverable amount disclosures for non-financial assets*

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:

Amendments to IFRS/HKFRS 10, IFRS/HKFRS 12 and IAS/HKAS 27, Investment entities
The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS/HKFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's financial statements as the Company does not qualify to be an investment entity.

Amendments to IAS/HKAS 32, Offsetting financial assets and financial liabilities
The amendments to IAS/HKAS 32 clarify the offsetting criteria in IAS/HKAS 32. The amendments do not have an impact on the Group's financial statements as they are consistent with the policies already adopted by the Group.

Amendments to IAS/HKAS 36, Recoverable amount disclosures for non-financial assets
The amendments to IAS/HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The adoption of the amendments do not have any material impact on the fair value measurement 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:

	2014	2013
	$'000	*$'000*
Income from provision of satellite transponder capacity and related services	**1,213,627**	1,099,829
Income from provision of satellite-based broadcasting and telecommunications services	**26,216**	29,886
Service income	**7,675**	8,340
	1,247,518	1,138,055

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 2014 and 2013 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 2014, revenue of approximately $346,502,000 (2013: $273,325,000) 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 2014 were $120,589,000, $275,205,000, $531,708,000 and $320,016,000 respectively (2013: $105,112,000, $282,891,000, $418,706,000 and $331,346,000 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. Accordingly, 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:

	2014	2013
	$'000	*$'000*
Interest income on bank deposits	**36,808**	23,069
Interest income on convertible bonds	**708**	1,750
Other interest income	**6,978**	709
Foreign currencies exchange (loss)/ gain	**(26,302)**	12,564
Rental income in respect of properties	**794**	579
Other service income	**6,085**	4,001
Gain on disposal of property, plant and equipment	**–**	24
Gain on disposal of investment	**2,210**	–
Other income	**400**	423
	27,681	43,119

7 PROFIT BEFORE TAXATION

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

		2014	2013
		$'000	*$'000*
(a)	**Finance costs**		
	Interest on bank borrowings	**22,899**	25,807
	Other borrowing costs	**2,240**	2,121
		25,139	27,928

		2014	2013
		$'000	*$'000*
(b)	**Other items**		
	Auditors' remuneration		
	– audit services	**1,299**	1,249
	– tax services	**371**	145
	– other services	**14**	148
	Depreciation	**295,974**	294,936
	Loss on disposal of property, plant and equipment	**143**	–
	Operating lease charges: minimum lease payments		
	– land and buildings and equipment	**234**	232
	– satellite transponder capacity	**129,062**	39,913
	Impairment loss on trade and other receivables recognised	**3,437**	5,918

8 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

	2014	2013
	$'000	*$'000*
Current tax –Outside Hong Kong		
Provision for the year	**17,791**	17,041
Over-provision in respect of prior years	**(7,941)**	(6,364)
	9,850	10,677
Deferred taxation - Hong Kong	**100,894**	91,483
Actual tax expense	**110,744**	102,160

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% (2013:16.5%) of the estimated temporary differences for the year.

9 DIVIDENDS

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

	2014	2013
	$'000	*$'000*
Interim dividend declared and paid of 5.00 cents per ordinary share (2013: 5.00 cents)	**31,090**	31,090
Final dividend proposed after the end of reporting period of 7.00 cents per ordinary share (2013: 7.00 cents)	**43,526**	43,526
	74,616	74,616

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.

At a board meeting held on 24 March 2015, the Board of Directors has recommended to make a bonus issue to all shareholders whose names appear on the register of members of the Company as at the close of business on 2 June 2015, on the basis of 1 bonus share for every 2 shares held.

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

	2014	2013
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of 7.00 cents per share (2013: 4.00 cents)	**43,526**	24,872

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 $508,045,000 (2013: $545,471,000) and the weighted average of 621,807,000 ordinary shares (2013: 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 2014 and 2013.

11 PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the year ended 31 December 2014, the Group acquired property, plant and equipment at a cost of $1,076,511,000 (31 December 2013: $24,676,000). Property, plant and equipment with a net book value of $154,000 was disposed of during the year ended 31 December 2014 (31 December 2013: $25,000), resulting in a loss on disposal of $143,000 (31 December 2013: gain of $24,000).

12 INTANGIBLE ASSET

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

	2014	2013
	$'000	*$'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 2014 and 2013.

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.

13 PREPAID EXPENSES

Prepaid expenses represent the advance payment of launch services 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.

	2014	2013
	$'000	*$'000*
Balance at 31 December	**459,741**	461,854
Add: additions	**109,934**	409
Less: current portion (included in deposits, prepayments and other receivables under current assets)	**(458,749)**	(2,522)
Non-current portion	**110,926**	459,741

On 17 August 2012, APT Satellite Company Limited ("APTHK"), a subsidiary of the Company, entered into a launch services contract, amounting to $452,400,000, with China Great Wall Industry Corporation, a fellow subsidiary of the Group, in respect of the provision of launch and associated services for a satellite. The contract will be expired in September 2015 and the sum of $452,400,000 prepaid by APTHK will be refunded upon the expiry of the contract. Therefore the prepayment is classified as current assets as at 31 December 2014 accordingly.

During the year ended 31 December 2014, APTHK 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. APTHK has prepaid US$15,000,000 during the year regarding this agreement.

14 LOANS RECEIVABLES

Loan receivable of $48,360,000 from a third party is unsecured and interest bearing at London Inter Bank Offered Rate plus 5% per annum. A sum of $24,180,000 out of the loan receivable is due after one year but within five years from the end of reporting period and is neither past due nor impaired.

15 INVESTMENT IN CONVERTIBLE BONDS AND 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 2014, the investment in listed securities was remeasured at a fair value of $51,141,000, based on the market price as at period end, with fair value gain of $21,088,000 credited to profit or loss.

16 TRADE RECEIVABLES, NET

The Group normally 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), based on the date of revenue recognition, at the end of the reporting period:

	2014	2013
	$'000	*$'000*
1 - 30 days	**45,388**	24,783
31 - 60 days	**16,204**	8,412
61 - 90 days	**11,673**	5,920
91 - 120 days	**7,039**	3,455
Over 120 days	**31,703**	17,941
	112,007	60,511

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:

	2014	2013
	$'000	*$'000*
0 - 3 months	**15,592**	36,770
4 - 6 months	**–**	–
7 - 9 months	**–**	–
9 - 12 months	**–**	–
	15,592	36,770
Accrued expenses	**805,476**	80,279
At 31 December	**821,068**	117,049

18 CONTINGENT LIABILITIES

The Company has given bank guarantee in respect of the banking facilities granted to APT Satellite Company Limited. The extent of such banking facilities utilised by the subsidiary at 31 December 2014 amounted to $1,029,600,000 (2013: $1,248,000,000).

19 POST STATEMENT OF FINANCIAL POSITION EVENTS

After the end of the reporting period, 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 2014, the Group had 117 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 23 March 2015, 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 2014. 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 2014, 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. Lei Fanpei, being the Chairman of the Board of Directors and Mr. Lim Toon, Dr. Yin Yen-liang, Mr. Zhuo Chao, Mr. Fu Zhiheng and Mr. Yong Foo Chong, 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 9 January 2014 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.

A6.7: Mr. Lei Fanpei, being the Chairman of the Board of Directors and Mr. Lim Toon, Dr. Yin Yen-liang, Mr. Zhuo Chao, Mr. Fu Zhiheng and Mr. Yong Foo Chong, being Non-executive Directors, were unable to attend the Annual General Meeting held on 26 May 2014 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. Lei Fanpei, 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 5 December 2014 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 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 May 2015 to Friday, 22 May 2015 (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, 22 May 2015, 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 Wednesday, 20 May 2015.

The register of members of the Company will be closed from Monday, 1 June 2015 to Tuesday, 2 June 2015 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed Bonus Issue and 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, 29 May 2015.

ANNUAL REPORT PUBLICATION

The Company's 2014 Annual Report for the year ended 31 December 2014 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 2014, 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
Yuan Jie
Chairman

Hong Kong, 24 March 2015

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