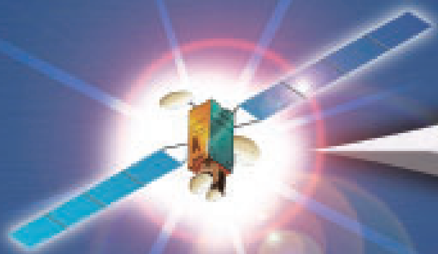
INTERIM REPORT 2008



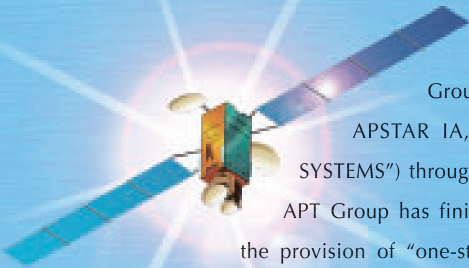
APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 1045)

COMPANY PROFILE

APT SATELLITE HOLDINGS LIMITED ("APT Group") is a listed company on The Stock Exchange of Hong Kong Limited. Having started its operation in 1992, APT Group provides high quality services in satellite transponders, satellite communication and satellite TV broadcasting to the broadcasting and telecommunication sectors in Asia, Europe and the United States, and achieves remarkable results. APT Group currently operates five satellites namely APSTAR I, APSTAR IA, APSTAR IIR, APSTAR V and APSTAR VI ("APSTAR SYSTEMS") through its own satellite control centre in Tai Po, Hong Kong. APT Group has finished building its satellite TV broadcasting platform for the provision of "one-stop-shop" satellite TV broadcasting services, providing the best quality and reliable satellite TV uplink and broadcasting services to the customers. In addition, pioneered by advanced APSTAR V and ARSTAR VI, and supported by comprehensive broadcasting and telecommunications services, APT Group provides quality solutions to satisfy our customers' needs.



APSTAR SYSTEMS

Satellites	Model	Orbital Slots	TRANSPONDERS			
			C-Band		Ku-Band	
			Number	Coverage	Number	Coverage
APSTAR-VI	Alcatel SB-4100 C1	134°E	38	China, India, Southeast Asia, Australia, Hawaii, Guam, South Pacific Islands	12	China (including Hong Kong, Macau and Taiwan)
APSTAR-V	SS/L FS-1300	138°E	38	China, India, Southeast Asia, Australia, Hawaii, Guam, South Pacific Islands	8 8	China (including Hong Kong, Macau and Taiwan) China and India
APSTAR-IIR	SS/L FS-1300	76.5°E	28	Europe, Asia, Africa, Australia, about 75% of World's population	16	China (including Hong Kong, Macau and Taiwan) and Korea
APSTAR-IA	Boeing BSS-376	–	24	–	–	–
APSTAR-I	Boeing BSS-376	142°E	24	–	–	–

For further information, please contact:
Address: 22 Dai Kwai Street, Tai Po industrial Estate, Tai Po, New Territories, H.K.
Tel: (852) 2600 2100 Fax: (852) 2522 0419
Email: investors@apstar.com (Investors Relation), aptmk@apstar.com (Marketing)
Web-site: www.apstar.com

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FORWARD-LOOKING STATEMENTS

This interim report contains certain forward-looking statements, such as those that express with words "believes," "anticipates," "plans" and similar wordings. Such forward-looking statements involve inherent risks and uncertainties, and actual results could be materially different from those expressed or implied by them. As regards the factors, uncertainties as well as the risks, they are identified in the Company's most recently filed Form 20-F and reports on Form 6-K furnished to the US Securities and Exchange Commission.

CORPORATE INFORMATION

DIRECTORS

Executive directors

Cheng Guangren *(President)*
Tong Xudong *(Vice President)*
Qi Liang *(Vice President)*

Non-executive directors

Rui Xiaowu *(Chairman)*
Lim Toon
Yin Yen-liang
Wu Zhen Mu
Yong Foo Chong
Tseng Ta-mon
(alternate director to Yin Yen-liang)

Independent non-executive directors

Huan Guocang
Lui King Man
Lam Sek Kong
Cui Liguo

COMPANY SECRETARY

Lo Kin Hang, Brian

AUTHORISED REPRESENTATIVES

Cheng Guangren
Lo Kin Hang, Brian

MEMBERS OF AUDIT COMMITTEE

Lui King Man *(Chairman)*
Huan Guocang
Lam Sek Kong
Cui Liguo

MEMBERS OF NOMINATION COMMITTEE

Huan Guocang *(Chairman)*
Tong Xudong
Qi Liang
Lui King Man
Lam Sek Kong
Cui Liguo

MEMBERS OF REMUNERATION COMMITTEE

Lui King Man *(Chairman)*
Tong Xudong
Qi Liang
Huan Guocang
Lam Sek Kong
Cui Liguo

QUALIFIED ACCOUNTANT

Lau Mei Bik

AUDITORS

KPMG

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda Limited
Bank of Bermuda Building
No. 6, Front Street
Hamilton, HM 11
Bermuda

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26/F Tesbury Centre
28 Queen's Road East
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

22 Dai Kwai Street
Tai Po Industrial Estate
Tai Po
New Territories
Hong Kong
Tel: (852) 2600 2100
Fax: (852) 2522 0419
Web-site: www.apstar.com
e-mail: aptmk@apstar.com *(Marketing)*
investors@apstar.com
(Investor Relations)

STOCK CODE

1045 (in Hong Kong)

CHAIRMAN'S STATEMENT

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") hereby announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2008.

This interim result has been reviewed by the Company's Audit Committee and independent auditors.

INTERIM RESULTS

The Group's turnover and profit attributable to equity shareholders amounted to HK$197,987,000 (2007: HK$230,685,000) and HK$6,882,000 (2007: HK$5,023,000) respectively. Basic earnings per share was HK1.67 cents (2007: HK1.22 cents).

INTERIM DIVIDEND

Although the Group has achieved increase of 37% in profit attributable to equity shareholder for the first half of 2008 as compared to the same period of last year, owing to the need of the Group's future development, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2008 (2007: Nil).

BUSINESS REVIEW

The Group's five satellites, APSTAR VI, APSTAR V, APSTAR IIR, APSTAR IA, and APSTAR I, together with their corresponding telemetry, tracking and control systems, have been operating under normal condition during the period.

APSTAR VI

APSTAR VI satellite, which was based on SB4100 C1 model and launched in April 2005, is one of the latest advanced high power satellites in the region with 38 C-band transponders and 12 Ku-band transponders. As of 30 June 2008, its utilisation was 53.0%.

APSTAR V

APSTAR V satellite, which was based on FS1300 model and launched in June 2004, is also one of the latest advanced high power satellite in the region. As at 30 June 2008, the Group had interest in 23 C-band transponders and 12 Ku-band transponders and its utilisation was 67.4%.

APSTAR V and APSTAR VI can provide the latest advanced and comprehensive satellite communication and broadcasting services to our customers strengthening the market competition of the Group in the region.

Beijing Olympic Games 2008

The Group worked together with other leading telecommunication or broadcasting operators participating in transponder services and broadcasting services in various aspects of the Beijing Olympic Games 2008, hereby, grasping business opportunities and expanding market.

Satellite TV Broadcasting and Uplink Services

The Group provides satellite TV uplink and broadcasting services through its wholly-owned subsidiary, APT Satellite TV Development Limited ("APT TV") and successfully established the satellite TV broadcasting platform based on the Satellite TV Uplink and Downlink Licence of Hong Kong. As at 30 June 2008, the number of satellite TV channels up-linked and broadcast by APT TV was increased to 81 channels, representing an increase of approximately 12.5% as compared to the end of 2007.

Satellite-based Telecommunications Services

APT Telecom Services Limited ("APTS"), a wholly-owned subsidiary of the Group, provides satellite-based external telecommunication services such as VSAT, facilities management services, and teleport uplink services under the Fixed Carrier Licence of Hong Kong to telecommunication operators, satellite operators, and ISPs players in the region.

BUSINESS PROSPECTS

We expect the demand of transponder services to grow steadily in 2008. However, owing to the supply over demand in the region, the market competition will still be fierce. The Group will try to leverage its competitive edge and high quality services and further expand the market so as to further increase the utilisation of satellites for the increase of profit and investment return.

FINANCE

As at 30 June 2008, the Group's financial position remains sound with gearing of 34% (total liabilities/total assets). The Liquidity Ratio (current assets/current liabilities) is 1.26 times. The total equity of the Group is HK$1,998,738,000. The Group has cash and cash equivalents amounting HK$282,659,000 and pledged bank deposits HK$79,704,000. The capital expenditure incurred for the six months ended 30 June 2008 was approximately HK$2,035,000.

CORPORATE GOVERNANCE

The Group is committed to high standard of corporate governance especially in internal control and compliance.

NOTE OF APPRECIATION

I would like to take this opportunity to thank all our customers and friends for their support, as well as to all staff members of the Group for their contributions to the Group during the period.

Rui Xiaowu
Chairman

Hong Kong, 11 September 2008

FINANCIAL REVIEW

The following discussion and analysis of the Group's financial position and results of operations should be read in conjunction with the Financial Highlights and the related notes.

Highlights:

HK$ thousand	**Six months ended 30 June 2008**	Six months ended 30 June 2007	Changes
Turnover	**197,987**	230,685	–14%
Gross Profit	**56,490**	65,422	–14%
Profit for the period	**6,795**	4,361	+56%
Profit attributable to equity shareholders of the Company	**6,882**	5,023	+37%
Basic Earnings per share	**1.67 cents**	1.22 cents	+37%

HK$ thousand	**At 30 June 2008**	At 31 December 2007	
Total assets	**3,027,526**	3,135,582	–3%
Total liabilities	**1,028,788**	1,146,891	–10%
Gearing ratio (%)	**34%**	37%	–3%

The Group recorded a turnover and profit after taxation of HK$197,987,000 and HK$6,795,000 for the period ended 30 June 2008. The turnover has been decreased by 14% which was mainly due to there was revenue generated from the provision of wholesale voice services in the first half of 2007 while no such revenue was recorded in the first half of 2008. The reason was that the wholesale voice service was terminated in late 2007 due to fierce market competition and low profit margin. The Group's gross profit margin has been improved from 28% to 29% as compared with the same period of last year.

For the interim period of 2008, net profit attributable to equity holders amounted to HK$6,882,000, posted a rise of 37% as compared with the same period of last year. The reason for the increase in net profit was principally as a consequence of the following factors:

FINANCE COSTS

The Group's finance costs decreased by HK$13,728,000 compared to the same period in 2007. The decrease was mainly due to decrease in loan interest rate and outstanding borrowing amount.

SHARE OF RESULTS OF JOINTLY CONTROLLED ENTITIES

The Group maintained its interest in APT Satellite Telecommunications Limited ("APT Telecom") at 55% as at 30 June 2008. As at 30 June 2008, APT Telecom recorded a profit of HK$3,704,000, mainly due to a revaluation gain of HK$2,600,000 on investment properties held by APT Telecom. The Group's share of results of APT Telecom was HK$2,037,000, an increase of contribution to the Group of HK$2,597,000 as compared with same period of last year.

PROFIT FROM DISPOSAL OF BUSINESS OPERATIONS

A subsidiary of the Company, CTIA VSAT Network Limited, completed the disposal of its entire equity interest in Beijing Asia Pacific East Communication Network Limited ("BAPECN") to an independent third party in April 2008. As a result, a gain of HK$3,193,000 arised from the disposal. Details of profit from disposal of business operations are set out in note 5 of the interim financial report.

INCOME TAX

The income tax expenses decreased by HK$6,046,000 compared to the same period in 2007. The decrease was mainly due to change in tax rate and reduction of the income.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the period ended 30 June 2008, the Group's principal use of capital was the expenditure related to the purchasing of new satellite equipment and office equipment which had been funded by internally generated cash. The capital expenditure incurred for the period ended 30 June 2008 amounted to HK$2,035,000.

During the period ended 30 June 2008, the Group repaid bank loan of HK$99,158,000 (equivalent to US$12,713,000), the funding for which came from internally generated cash. As a result of the above repayment, total outstanding bank loan reduced from HK$680,335,000 to HK$582,030,000. The debt maturity profile (stated at amortised cost) of the Group was as follows:

Year of Maturity	**HK$**
Repayable within 1 year or on demand	243,270,000
Repayable after one year but within five years	338,760,000
	582,030,000

As at 30 June 2008, the Group's total liabilities were HK$1,028,788,000, a decrease of HK$118,103,000 as compared to 31 December 2007, which was mainly due to repayment of bank loan as described above. As a result, the gearing ratio (total liabilities/total assets) has slightly decreased to 34%, representing a 3% decrease as compared to 31 December 2007.

For the interim period of 2008, the Group recorded a net cash outflow of HK$31,788,000 (30 June 2007: net cash inflow of HK$35,154,000). As at 30 June 2008, the Group has approximately HK$282,659,000 free cash and HK$79,704,000 pledged deposit. Together with cash flow generated from operations, the Group could meet with ease all the debt repayment schedules in the coming year.

CAPITAL STRUCTURE

The Group continues to maintain a prudent treasury policy and manage currency and interest risks on a conservative basis. During the period, the Group made no hedging arrangement in respect of exchange rate fluctuation as the majority of its business transactions were settled in United States dollars. Interest on Bank Loans was computed at the London Inter-Bank Offering Rate plus a margin. The Group considers the fluctuation risk of the floating interest rate and may take appropriate measure in due course to hedge against interest rate fluctuation, if necessary.

CHARGES ON GROUP ASSETS

As at 30 June 2008, the assets of APSTAR V and APSTAR VI of HK$2,211,309,000 (31 December 2007: HK$2,317,238,000) and bank deposit of HK$78,904,000 (31 December 2007: HK$83,749,000) were pledged to secure a bank loan facility. The bank loan facility is also secured by the assignment of APSTAR V and APSTAR VI and their related insurance claims proceeds, and the assignment of all their present and future agreements of provision of transponder utilisation services.

In addition, certain of the Group's banking facilities were secured by the Group's properties with aggregate carrying value of approximately HK$4,480,000 (31 December 2007: HK$4,538,000) and bank deposit of HK$800,000 (31 December 2007: HK$nil).

CAPITAL COMMITMENTS

As at 30 June 2008, the Group has outstanding capital commitments of HK$2,778,000 (31 December 2007: HK$3,398,000), which were contracted but not provided for in the Group's financial statements, mainly in respect of purchases of equipment.

CONTINGENT LIABILITIES

Details of contingent liabilities of the Group are set out in note 15 of the interim financial report.

HUMAN RESOURCES

As at 30 June 2008, the Group had 89 employees (2007: 150). With regard to the emolument policy, the Group remunerates its employees in accordance with their respective responsibilities and current market trends. On 19 June 2001, the Company first granted share options under the share option scheme adopted at the annual general meeting on 22 May 2001 ("Scheme 2001") to its employees including executive directors. On 22 May 2002, the Group adopted a new share option scheme ("Scheme 2002") at the annual general meeting to comply with the requirements of the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). To further motivate employees for better contribution to the Group, the Group has also established an incentive bonus scheme.

The Group provides on the job training to employees to update and upgrade their knowledge on related job fields.

UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2008 $'000	2007 $'000
Turnover	3	**197,987**	230,685
Cost of services		**(141,497)**	(165,263)
Gross profit		**56,490**	65,422
Other net income		**8,858**	12,698
Revaluation gain on investment properties		**117**	–
Administrative expenses		**(47,592)**	(37,117)
Profit from operations	3	**17,873**	41,003
Finance costs	4	**(15,036)**	(28,764)
Share of results of jointly controlled entities		**2,037**	(560)
Profit from disposal of business operations	5	**3,193**	–
Profit before taxation	4	**8,067**	11,679
Income tax	6	**(1,272)**	(7,318)
Profit for the period		**6,795**	4,361
Attributable to:			
Equity shareholders of the Company		**6,882**	5,023
Minority interests		**(87)**	(662)
Profit for the period		**6,795**	4,361
Earnings per share	7		
– Basic		**1.67 cents**	1.22 cents
– Diluted		**1.67 cents**	1.22 cents

The notes on pages 13 to 25 form part of this interim financial report.

UNAUDITED CONSOLIDATED BALANCE SHEET

At 30 June 2008

(Expressed in Hong Kong dollars)

	Note	Unaudited At 30 June 2008 $'000	Audited At 31 December 2007 $'000
Non-current assets			
Property, plant and equipment	8	**2,381,632**	2,508,321
Interest in leasehold land held for own use under an operating lease		**14,632**	14,820
Investment properties	8	**5,288**	5,171
Interest in jointly controlled entities		**5,566**	3,529
Amounts due from a jointly controlled entity		**67,139**	69,839
Club memberships		**5,537**	5,537
Prepaid expenses		**14,714**	14,137
Deferred tax assets		**8,433**	9,174
		2,502,941	2,630,528
Current assets			
Trade receivables	9	**123,606**	80,409
Deposits, prepayments and other receivables		**31,631**	23,240
Amount due from immediate holding company		**145**	101
Amount due from a jointly controlled entity		**6,840**	5,530
Pledged bank deposits		**79,704**	83,749
Cash and cash equivalents	10	**282,659**	312,025
		524,585	505,054
Current liabilities			
Payables and accrued charges	11	**32,306**	38,727
Rentals received in advance		**38,833**	33,679
Loan from a minority shareholder		**7,488**	7,488
Secured bank borrowings due within one year	12	**243,270**	217,961
Current taxation		**95,626**	93,087
		417,523	390,942
Net current assets		**107,062**	114,112
Total assets less current liabilities carried forward		**2,610,003**	2,744,640

UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)

At 30 June 2008

(Expressed in Hong Kong dollars)

	Note	Unaudited At 30 June 2008 $'000	Audited At 31 December 2007 $'000
Total assets less current liabilities brought forward		**2,610,003**	2,744,640
Non-current liabilities			
Secured bank borrowings due after one year	12	**338,760**	462,374
Deposits received		**21,973**	19,624
Deferred income		**189,495**	207,787
Deferred tax liabilities		**61,037**	66,164
		611,265	755,949
Net assets		**1,998,738**	1,988,691
Capital and reserves			
Share capital	13	**41,327**	41,327
Share premium		**1,287,536**	1,287,536
Contributed surplus		**511,000**	511,000
Capital reserve		**9,557**	9,557
Revaluation reserve		**368**	368
Exchange reserve		**8,090**	4,007
Other reserves		**123**	115
Accumulated profits		**140,737**	133,855
		1,998,738	1,987,765
Minority interests		**–**	926
Total equity		**1,998,738**	1,988,691

The notes on pages 13 to 25 form part of this interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008
(Expressed in Hong Kong dollars)

	Attributable to equity holders of the Company										
	Share Capital $'000	Share premium $'000	Contributed surplus $'000	capital reserve $'000	Revaluation reserve $'000	Exchange reserve $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Minority interests $'000	Total equity $'000
At 1 January 2007	41,327	1,287,536	511,000	9,614	–	2,639	109	128,217	1,980,442	1,791	1,982,233
Exchange differences on translation of financial statements of overseas subsidiaries	–	–	–	–	–	(1,084)	–	–	(1,084)	–	(1,084)
Revaluation surplus	–	–	–	–	368	–	–	–	368	–	368
Net profit/(loss) for the period	–	–	–	–	–	–	–	5,023	5,023	(662)	4,361
Balance at 30 June 2007	41,327	1,287,536	511,000	9,614	368	1,555	109	133,240	1,984,749	1,129	1,985,878
At 1 January 2008	**41,327**	**1,287,536**	**511,000**	**9,557**	**368**	**4,007**	**115**	**133,855**	**1,987,765**	**926**	**1,988,691**
Exchange differences on translation of financial statements of overseas subsidiaries	**-**	**-**	**-**	**-**	**-**	**4,083**	**8**	**-**	**4,091**	**-**	**4,091**
Adjustment of disposal of a subsidiary	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(839)**	**(839)**
Net profit/(loss) for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**6,882**	**6,882**	**(87)**	**6,795**
Balance at 30 June 2008	**41,327**	**1,287,536**	**511,000**	**9,557**	**368**	**8,090**	**123**	**140,737**	**1,998,738**	**-**	**1,998,738**

The notes on pages 13 to 25 form part of this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2008
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2008	2007
	$'000	$'000
Net cash from operating activities	**74,948**	126,802
Net cash from investing activities	**7,518**	16,456
Net cash used in financing activities	**(114,254)**	(108,104)
Net (decrease)/increase in cash and cash equivalents	**(31,788)**	35,154
Cash and cash equivalents at 1 January	**312,025**	341,325
Effect of foreign exchange rates changes	**2,422**	(1,085)
Cash and cash equivalents at 30 June	**282,659**	375,394

The notes on pages 13 to 25 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

The interim financial report of APT Satellite Holdings Limited ("the Company") and its subsidiaries ("the Group") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Hong Kong Listing Rules"), including compliance with International Accounting Standard ("IAS") 34, "Interim financial reporting", issued by the International Accounting Standards Board ("IASB") and Hong Kong Accounting Standard ("HKAS") 34, "Interim financial reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It was authorised for issuance on 11 September 2008.

The preparation of an interim financial report in conformity with IAS 34 and HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2007 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") or Hong Kong Financial Reporting Standards ("HKFRSs").

This interim financial report is unaudited, but has been reviewed by the Company's Audit Committee and the Company's independent auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. KPMG's unmodified independent review report to the board of directors is included on pages 30.

2. SIGNIFICANT ACCOUNTING POLICIES

The IASB has issued a number of new or revised IFRSs, which term collectively includes IASs and Interpretations, that are first effective or available for early adoption for accounting periods beginning on or after 1 January 2008. The equivalent new or revised HKFRSs, which term collectively includes HKASs and Interpretations, consequently issued by HKICPA as a result of these developments have the same effective date as those issued by the IASB and are in all material respects identical to the pronouncements issued by the IASB. There have been no other material changes to HKFRSs.

These developments have not resulted in any significant changes to the accounting policies adopted by the group. Consequently, the interim financial report has been prepared in accordance with the same accounting policies adopted in the 2007 annual financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent to the date of this interim financial report, it is possible that the IASB and/or the HKICPA will announce new or revised IFRSs or HKFRSs that will be first effective, or will be available for voluntary early adoption, in the annual financial statements for the year ending 31 December 2008. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

3. SEGMENTAL REPORTING

Segment information is presented in respect of the Group's business and geographical segments. Business information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

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

Business segments

The Group comprises two main business segments, namely provision of satellite transponder capacity and related services and provision of satellite-based broadcasting and telecommunications services.

	Provision of satellite transponder capacity and related services		Provision of satellite-based broadcasting and telecommunications services		Inter-segment elimination		Consolidated	
For the six months ended 30 June	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Turnover from external customers	**185,097**	195,580	**12,810**	35,050	**–**	–	**197,907**	230,630
Inter-segment turnover	**5,294**	8,858	**679**	564	**(5,973)**	(9,422)	**–**	–
Total	**190,391**	204,438	**13,489**	35,614	**(5,973)**	(9,422)	**197,907**	230,630
Service income							**80**	55
							197,987	230,685
Segment result	**47,960**	61,271	**(496)**	3,653	**–**	(2)	**47,464**	64,922
Service income							**80**	55
Unallocated other net income							**8,975**	12,698
Unallocated administrative expenses								
– staff costs							**(22,890)**	(21,946)
– office expenses							**(15,756)**	(14,726)
Profit from operations							**17,873**	41,003
Finance costs							**(15,036)**	(28,764)
Share of results of jointly controlled entities							**2,037**	(560)
Profit from disposal of business operations							**3,193**	–
Profit before taxation							**8,067**	11,679
Income tax							**(1,272)**	(7,318)
Profit for the period							**6,795**	4,361

3. SEGMENTAL REPORTING (continued)

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.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

For the six months ended 30 June	Hong Kong		Other regions in the PRC		Singapore		Indonesia		Others	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Turnover from external customers	**24,871**	35,813	**79,901**	86,395	**32,114**	18,982	**27,437**	58,121	**33,664**	31,374

4. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2008 $'000	2007 $'000
Interest on borrowings wholly repayable within five years	**14,136**	27,378
Other borrowing costs	**900**	1,386
	15,036	28,764
Depreciation and amortisation	**109,428**	111,692
Gain on disposal of property, plant and equipment	**(65)**	(24)

5. PROFIT FROM DISPOSAL OF BUSINERSS OPERATIONS

Pursuant to a disposal agreement dated 2 April 2008, CTIA VSAT Network Limited ("CTIA"), a subsidiary of the Company, agreed to dispose of its entire equity interest in Beijing Asia Pacific East Communication Network Limited ("BAPECN") to an independent third party at a total consideration of RMB4,800,000. BAPECN has direct holding of 35% equity interest in Beijing Zhong Guang Xian Da Data Broadcast Technology Co. Limited which was a jointly controlled entity of the Company.

Net assets disposed of:

	Six months ended 30 June 2008 $'000
Property, plant and equipment	**8,160**
Trade receivables	**161**
Deposits, prepayment and other receivables	**287**
Cash and bank balances	**532**
Payables and accrued charges	**(3,767)**
Rentals received in advance	**(1,388)**
Loan from a shareholder	**(990)**
	2,995
Minority interest	**(839)**
Other reserves and exchange reserves	**(1,011)**
Profit from disposal of business operations	**3,193**
Net consideration	**4,338**
Consideration	**5,328**
Waive on loan from CTIA	**(990)**
Net consideration	**4,338**

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of business operations is as follows:

	At 30 June 2008 $'000
Cash and bank balance disposed	**492**
Net cash outflow	**492**

6. INCOME TAX

	Six months ended 30 June	
	2008	2007
	$'000	$'000
Current tax – Overseas	**5,659**	9,951
Deferred tax	**(4,387)**	(2,633)
	1,272	7,318

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

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group operating in Hong Kong incurred tax losses for the period. Overseas tax includes the 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.

On 26 June 2008, the Hong Kong Profits Tax rate was enacted to reduce from 17.5% to 16.5% with effect from the year of assessment 2008/09. In accordance with the new tax rate, the provision for Hong Kong profits tax for the six months ended 30 June 2008 is calculated at 16.5% (2007: 17.5%) of the estimated assessable profits for the period.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $6,882,000 (six months ended 30 June 2007: $5,023,000) and the weighted average of 413,265,000 ordinary shares (30 June 2007: 413,265,000 shares) in issue during the six months ended 30 June 2008.

(b) Diluted earnings per share

Diluted earnings per share is the same as the basic earnings per share as there were no potentially dilutive ordinary shares in existence during the six months ended 30 June 2008 and 2007.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions

During the current period, the Group has acquired property, plant and equipment amounting to $2,035,000 (six months ended 30 June 2007: $7,066,000).

(b) Valuation

Investment properties were revalued at 30 June 2008 at $5,288,000 (31 December 2007: $5,171,000) by Savills Valuation and Professional Services Limited, an independent professional property valuer, on an open market value basis by reference to net rental income allowing for reversionary income potential.

(c) As of 30 June 2008, the Group did not have full in-orbit insurance coverage for its satellites. The in-orbit satellites had a net book value in aggregate of $2,255,096,000 as of 30 June 2008 (31 December 2007: $2,368,225,000).

9. TRADE RECEIVABLES

The Group allows an average credit period of 30 days to its trade customers. The following is an ageing analysis of trade receivables (net of specific provisions for bad and doubtful debts) at the balance sheet date:

	Unaudited At 30 June 2008 $'000	Audited At 31 December 2007 $'000
0 – 30 days	**55,808**	53,923
31 – 60 days	**29,366**	8,276
61 – 90 days	**7,400**	4,032
91 – 120 days	**4,086**	3,001
Over 121 days	**26,946**	11,177
	123,606	80,409

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

10. CASH AND CASH EQUIVALENTS

	Unaudited At 30 June 2008 $'000	Audited At 31 December 2007 $'000
Deposits with banks and other financial institutions within three months of maturity	**271,241**	302,784
Cash at bank and on hand	**11,418**	9,241
Cash and cash equivalents at the end of the period/year	**282,659**	312,025

11. PAYABLES AND ACCRUED CHARGES

The ageing analysis of accounts payable and accrued charges as at 30 June 2008 is as follows:

	Unaudited At 30 June 2008 $'000	Audited At 31 December 2007 $'000
0 – 3 months	**6,041**	9,072
4 – 6 months	**–**	–
7 – 9 months	**–**	–
9 – 12 months	**–**	–
	6,041	9,072
Accrued expenses	**26,265**	29,655
	32,306	38,727

12. SECURED BANK BORROWINGS

At 30 June 2008, the assets pledged for securing bank borrowings are the satellites of approximately $2,211,309,000 (31 December 2007: $2,317,238,000) and bank deposits of approximately $78,904,000 (31 December 2007: $83,749,000). In addition, certain of the Group's banking facilities were secured by the Group's properties with aggregate carrying value of approximately $4,480,000 (31 December 2007: $4,538,000) and bank deposit of $800,000 (31 December 2007: $nil).

	Unaudited At 30 June 2008 $'000	Audited At 31 December 2007 $'000
Bank loans	**582,030**	680,335
Less: Amount due within one year included under current liabilities	**(243,270)**	(217,961)
Amount due after one year	**338,760**	462,374
At 30 June 2008, the bank borrowings are repayable as follows:		
Within one year or on demand	**243,270**	217,961
After one year but within five years	**338,760**	462,374
	582,030	680,335

13. SHARE CAPITAL

There were no movements in the share capital of the Company in either the current or the prior interim reporting period.

14. SHARE OPTIONS

At the annual general meeting on 22 May 2001, the Company adopted a share option scheme ("Scheme 2001") and granted options to its employees on 19 June 2001. On 22 May 2002, the Company adopted a new share option scheme ("Scheme 2002") at its 2002 annual general meeting. Thereafter, no further options can be granted under the Scheme 2001. The options granted on 19 June 2001 shall continue to be valid until their expiry.

During the six months ended 30 June 2008, no options were granted under the Scheme 2002. (for the six months ended 30 June 2007: Nil)

14. SHARE OPTIONS (continued)

Movements in share options

The particulars of the share options granted under the Scheme 2001 outstanding during the period are as follows:

	2008 Number
At 1 January	3,370,000
At 30 June	3,370,000
Options vested at 30 June	3,370,000

The above granted options have an exercise price of $2.765 per share and are exercisable within the period from 22 May 2003 to 21 May 2011.

Fair value of share options and assumptions

The fair value of services received in return for share options granted are measured by reference to the fair value of share option granted. The estimated fair value of the services received is measured based on a binomial lattice model. The contractual life of the option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

15. CONTINGENT LIABILITIES

(i) In the years before 1999, overseas withholding tax was not charged in respect of the Group's transponder utilisation income derived from the overseas customers. From 1999, overseas withholding tax has been charged on certain transponder utilisation income of the Group and full provision for such withholding tax for the years from 1999 onwards has been made in the financial statements. The Directors of the Company are of the opinion that the new tax rules should take effect from 1999 onwards and, accordingly, no provision for the withholding tax in respect of the years before 1999 is necessary. The Group's withholding tax in respect of 1998 and before, calculated at the applicable rates based on the relevant income earned in those years, not provided for in the financial statements amounted to approximately $75,864,000.

(ii) The Company has given guarantees to banks in respect of the secured term loan facility granted to its subsidiary. The extent of such facility utilised by the subsidiary at 30 June 2008 amounted to $583,899,000 (31 December 2007: $683,056,000).

16. COMMITMENTS

(a) Capital commitments

At 30 June 2008, the Group has the following outstanding capital commitments not provided for in the Group's financial statements:

	Unaudited At 30 June 2008 $'000	Audited At 31 December 2007 $'000
Contracted for	**2,778**	3,398
Authorised but not contracted for	**–**	–
	2,778	3,398

(b) Operating lease commitments

At 30 June 2008, the total future minimum lease payments under non-cancelable operating leases are payable as follows:

	Land and buildings $'000	**Satellite transponders capacity** $'000	**Others** $'000	**Total** $'000
Unaudited at 30 June 2008				
Within one year	**321**	**1,158**	**153**	**1,632**
After one year but within five years	**88**	**–**	**–**	**88**
After five years	**–**	**–**	**–**	**–**
	409	**1,158**	**153**	**1,720**
Audited at 31 December 2007				
Within one year	592	2,414	–	3,006
After one year but within five years	257	–	–	257
After five years	–	–	–	–
	849	2,414	–	3,263

17. MATERIAL RELATED PARTY TRANSACTIONS

(a) During the period, the Group entered into the following transactions with related parties:

	Six months ended 30 June	
	2008	2007
	$'000	$'000
Income from provision of satellite transponder capacity and provision of satellite-based broadcasting and telecommunication services to a shareholder and its fellow subsidiary of the Company *(note i)*	**5,392**	6,368
Income from provision of satellite transponder capacity and provision of satellite-based telecommunication services to a holding company and its subsidiaries of a shareholder of the Company *(note i)*	**19,479**	14,767
Management fee income from a jointly controlled entity *(note ii)*	**240**	240
Management fee expenses to a subsidiary of the holding company *(note iii)*	**(346)**	(261)

Notes:

(i) The terms and conditions of these transponder capacity utilisation agreements and satellite-based telecommunication services agreements are similar to those contracted with other customers of the Group.

(ii) Management fee income arose from a reimbursement of cost of service provided to a jointly controlled entity under the agreement.

(iii) Management fee expenses incurred to cost of service received by a subsidiary of the holding company.

17. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel remuneration

Remuneration for key management personnel, including amounts paid to the Company's directors and certain of the highest paid employees, is as follows:

	Six months ended 30 June	
	2008	2007
	$'000	$'000
Short-term employee benefits	**5,725**	4,761
Other long-term benefits	**366**	345
Performance related incentive payments	**922**	327
Termination benefits	**1,511**	–
	8,524	5,433

18. NON-ADJUSTING POST BALANCE SHEET EVENT

As announced on 28 August 2003, pursuant to the various amended agreements with Loral Orion Inc. ("Loral Orion"), Loral Orion has options to take up 4 APT Transponders from the fourth year and another 4 APT Transponders from the fifth year after completion of in-orbit test of APSTAR V, for their remaining operational lives at a total consideration of $282,865,000. In September 2006, Loral Orion partially exercised its right to take up 2 APT Transponders ahead of schedule, at a total consideration of $70,716,000. As a result, a gain of $17,503,000 arising from disposal of the 2 APT Transponders was recognised in 2006. The consideration in relation to the remaining 6 APT Transponders is $212,149,000. Telesat Satellite LP ("Telesat") became the successor of Loral Orion, Inc as of 31 October, 2007. On 13 August 2008, Telesat exercised its right to take up 4 APT Transponders, at a total consideration of $141,433,000. As a result, a gain of $51,490,000 arising from disposal of the 4 APT Transponders will be recognised in the consolidated income statement after the period ended 30 June 2008.

19. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2008

Up to the date of issue of this interim financial report, the IASB/HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 December 2008 and which have not been adopted in this interim financial report.

19. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2008 (continued)

Of these developments, the following relate to matters that may be relevant to the Group's operations and financial statements:

		Effective for accounting periods beginning on or after
IFRIC/HK(IFRIC) Interpretation 13	Customer loyalty programmes	1 July 2008
IAS/HKAS 1 (Revised)	Presentation of financial statements	1 January 2009
IAS/HKAS 23 (Revised)	Borrowing costs	1 January 2009
IFRS/HKFRS 8	Operating segments	1 January 2009
Amendment to IAS 27	Consolidated and separate financial statements – Cost of an investment in a subsidiary, joint-controlled entity or associate	1 January 2009
Amendment to IFRS/HKFRS 2	Share-based payment – Vesting conditions and cancellations	1 January 2009
IAS/HKAS 27 (Revised)	Consolidated and separate financial statements	1 July 2009
IFRS/HKFRS 3 (Revised)	Business combinations	1 July 2009

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position. The Group intends to adopt this interpretation in the 2009 financial year and no effect has been made in the interim financial report.

ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, according to the register of interests in shares and short positions kept by the Company under section 336 of the Securities and Futures Ordinance ("SFO"), the following companies are directly and indirectly interested in 5 per cent or more of the issued share capital of the Company:

Name	*Note*	Number of shares interested	% of issued share capital
APT Satellite International Company Limited		214,200,000	51.83
China Aerospace Science & Technology Corporation	1	37,200,000	9.00
China Aerospace International Holdings Limited	1	31,200,000	7.55
Sinolike Investments Limited	1	31,200,000	7.55
Temasek Holdings (Private) Limited	2	22,800,000	5.52
Singapore Telecommunications Limited	2	22,800,000	5.52
Singasat Private Limited	2	22,800,000	5.52

Note:

1. China Aerospace Science & Technology Corporation was deemed to be interested in the shares of the Company by virtue of its 42.53% shareholding in China Aerospace International Holdings Limited, which was deemed to be interested in the shares of the Company by virtue of its 100% shareholding in Sinolike Investments Limited, which was deemed to be interested in the shares of the Company by virtue of its 100% shareholding in CASIL Satellite Holdings Limited which holds 14,400,000 shares of the Company.

2. Temasek Holdings (Private) Limited was deemed to be interested in the shares of the Company by virtue of its 55.96% shareholding in Singapore Telecommunications Limited, which was deemed to be interested in the shares of the Company by virtue of its 100% shareholding in Singasat Private Limited.

Save as disclosed above, as at 30 June 2008, no other party has an interest or a short position in the issued share capital of the Company, as recorded in the register required to be kept by the Company under section 336 of the SFO.

INTERESTS OF DIRECTOR AND CHIEF EXECUTIVE

As at 30 June 2008, according to the register maintained by the Company pursuant to section 352 of the SFO, the director and chief executive of the Company had the following interests, all being beneficial owner unless otherwise stated, in the shares of the Company:

Name of Director and Chief Executive	Nature of interests	Number of shares held	Number of share options(1)
Lo Kin Hang, Brian *(Vice President & Company Secretary)*	Personal	5,000	800,000
Chen Xun *(Vice President)*	Personal	6,000 (2)	260,000
Yang Qing *(Vice President)*	Personal	–	130,000

(1) The share options were granted on 19 June 2001 under the share option scheme adopted at the annual general meeting of the Company held on 22 May 2001 and all the above share options have an exercise price of HK$2.765 per share and are exercisable within the period from 22 May 2003 to 21 May 2011.

(2) The capacity in which Chen Xun held 6,000 shares of the Company was being a trustee.

Save as disclosed above, as at 30 June 2008, according to the register maintained by the Company pursuant to section 352 of the SFO, none of the director or the chief executive of the Company had or was deemed to have an interest or short position in the shares and underlying shares of the Company nor any associated corporations (within the meaning of Part XV of the SFO), or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

SHARE OPTION SCHEMES

Owing to the enforcement of the new requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") in September 2001, the Company adopted a new share option scheme (the "Scheme 2002") at its annual general meeting on 22 May 2002, whereupon the Board of Directors of the Company shall only grant new options under the Scheme 2002.

During the period from 1 January 2008 to 30 June 2008, no option was granted under the Scheme 2002, which will expire on 21 May 2012.

SHARE OPTION SCHEMES (continued)

On 19 June 2001, the Company had granted options to its employees under a previous share option scheme (the "Scheme 2001"), which was adopted at the annual general meeting on 22 May 2001, details of which are set out below. Since then, no further options were granted under the Scheme 2001 and, all the options granted under the Scheme 2001 shall however remain valid until their expiry.

The total number of shares available for issue under the existing share option schemes (Scheme 2001 and Scheme 2002) is upon exercise of all share options granted and yet to be exercised 3,370,000, which represents 0.82% of the issued shares of the Company and not exceeding 10% of the shares of the Company in issue on the adoption date of the Scheme 2002 (i.e. 412,720,000 shares). As at 30 June 2008, the total number of shares of the Company in issue was 413,265,000 shares.

The particulars of the outstanding share options granted under Scheme 2001 are as follows:

	Options granted on 19 June 2001 and remain outstanding as at 1 January 2008	Options cancelled during the period	Options outstanding as at 30 June 2008
Name of director and chief executive:			
Lo Kin Hang, Brian *(Vice President and Company Secretary)*	800,000	–	800,000
Chen Xun *(Vice President)*	260,000	–	260,000
Yang Qing *(Vice President)*	130,000	–	130,000
	1,190,000	–	1,190,000
Employees in aggregate:			
Employees under continuous employment contract	3,370,000	–	3,370,000

The above granted options have an exercise price of HK$2.765 per share and are exercisable within the period from 22 May 2003 to 21 May 2011, whilst there is no minimum period nor any amount payable on application required before exercising the options. The closing price of the shares immediately before the date on which these options were granted was HK$3.85.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2008, 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; and

A4.2: the Chairman of the Board and the President are not subject to retirement by rotation given that would help the Company in maintaining its consistency of making business decisions.

MODEL CODE

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code ("Model Code") contained in the Appendix 10 of the Listing Rules.

Having made specific enquiry of all directors, the Company's directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the period from 1 January 2008 to 30 June 2008.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

In the meeting on 29 August 2008, the Audit Committee reviewed with the management the accounting principles and practices adopted by the Group and the Company's unaudited interim financial report for the six months ended 30 June 2008, and discussed auditing and internal control matters. The Audit Committee comprises of four independent non-executive directors including Dr. Lui King Man, Dr. Huan Guocang, Dr. Lam Sek Kong and Mr. Cui Liguo.

INDEPENDENT REVIEW REPORT

To the Board of Directors of APT Satellite Holdings Limited
(Incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 8 to 25 which comprises the consolidated balance sheet of APT Satellite Holdings Limited as of 30 June 2008 and the related consolidated income statement, and consolidated statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof, and to be in compliance with either International Accounting Standard 34 "Interim financial reporting" issued by the International Accounting Standards Board ("IAS 34") or Hong Kong Accounting Standard 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKAS 34"), depending on whether the issuer's annual financial statements were prepared in accordance with International Financial Reporting Standards ("IFRSs") or Hong Kong Financial Reporting Standards ("HKFRSs") respectively. As the annual financial statements of APT Satellite Holdings Limited are prepared in accordance with both IFRSs and HKFRSs, the directors are responsible for the preparation and presentation of the interim financial report in accordance with both IAS 34 and HKAS 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim financial reporting" or Hong Kong Accounting Standard 34 "Interim financial reporting".

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

11 September, 2008