



## **APT SATELLITE HOLDINGS LIMITED**

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



**INTERIM REPORT**  
**2014**

## COMPANY PROFILE

APT Satellite Holdings Limited (the “Company”) is a listed company in The Stock Exchange of Hong Kong Limited (Stock Code 1045), holding the entire interest of APT Satellite Company Limited jointly together with all its subsidiaries, the APT Group.

APT Group commenced its operation in 1992. It currently operates in-orbit satellites, namely, APSTAR 5, APSTAR 6, APSTAR 7 and APSTAR 9A (“APSTAR Systems”) covering regions in Asia, Europe, Africa, and Australia approximately 75% of the world’s population and providing excellent quality “one-stop-shop” transponder, satellite telecommunications and satellite TV broadcasting and transmission services to broadcasters and telecommunication customers of these regions. In 2013, APT Group has commissioned APSTAR 9, which is to be launched in the fourth quarter of 2015 for in-orbit delivery at 142°E orbital slot.

The advanced APSTAR Systems of APT Group, being supported with the comprehensive and high quality services, has become very important satellite resources of the Asia Pacific region.

## APSTAR SYSTEMS

Satellites	Model	Orbital Slots	TRANSPONDERS			
			C-Band		Ku-Band	
			Number	Coverage	Number	Coverage
APSTAR 9A	Lockheed Martin A2100A	142°E	18	Southeast Asia, Australia, Southwest Pacific Islands	20	Australia, part of Indonesia
APSTAR 9*	CASC DFH-4	142°E	32	Asia Pacific Region, Southeast Asia	14	West Pacific to the East Indian Ocean Region, steerable coverage
APSTAR 7	Thales Alenia Space SB-4000C2	76.5°E	28	Europe, Asia, Africa, Australia, about 75% of World’s population	28	China (including Hong Kong, Macau and Taiwan), Middle East, Africa, steerable coverage
APSTAR 6	Thales Alenia Space SB-4000C1	134°E	38	China, India, Southeast Asia, Australia, Hawaii, Guam, South Pacific Islands	12	China (including Hong Kong, Macau and Taiwan)
APSTAR 5	SS/L FS-1300	138°E	38	China, India, Southeast Asia, Australia, Hawaii, Guam, South Pacific Islands	16	China (including Hong Kong, Macau and Taiwan), India

Remark\*: APSTAR 9 is in the course of construction and is scheduled to be launched in the fourth quarter of 2015.

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## CORPORATE INFORMATION

### DIRECTORS

#### Executive directors

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

#### Non-executive directors

Lei Fanpei (*Chairman*)  
Lim Toon  
Yin Yen-liang  
Zhuo Chao  
Fu Zhiheng  
Lim Kian Soon  
Tseng Ta-mon  
(*alternate director to Yin Yen-liang*)

#### Independent non-executive directors

Lui King Man  
Lam Sek Kong  
Cui Ligu  
Meng Xingguo

#### COMPANY SECRETARY

Lo Kin Hang, Brian

#### AUTHORISED REPRESENTATIVES

Cheng Guangren  
Lo Kin Hang, Brian

#### MEMBERS OF AUDIT COMMITTEE

Lui King Man (*Chairman*)  
Lam Sek Kong  
Cui Ligu  
Meng Xingguo

#### MEMBERS OF NOMINATION COMMITTEE

Lam Sek Kong (*Chairman*)  
Qi Liang  
Lui King Man  
Cui Ligu  
Meng Xingguo

#### MEMBERS OF REMUNERATION COMMITTEE

Lui King Man (*Chairman*)  
Qi Liang  
Lam Sek Kong  
Cui Ligu  
Meng Xingguo

### AUDITORS

KPMG  
Certified Public Accountants

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of Communications Company Limited  
Hong Kong Branch  
The Hongkong and Shanghai Banking  
Corporation Limited

### LEGAL ADVISORS

Sit, Fung, Kwong & Shum

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Management (Bermuda) Ltd.  
Canon's Court  
22 Victoria Street  
Hamilton, HM 12  
Bermuda

### HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton, HM 11  
Bermuda

### HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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(*Investor Relations*)

### STOCK CODE

1045



## CHAIRMAN'S STATEMENT

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2014.

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

### INTERIM RESULTS

For the first half year of 2014, the Group's turnover and profit attributable to equity shareholders amounted to HK\$627,940,000 (six months ended 30 June 2013: HK\$559,091,000) and HK\$260,361,000 (six months ended 30 June 2013: HK\$278,960,000) representing 12.3% increase and 6.7% decrease respectively as compared with corresponding periods in the previous financial year. Basic earnings per share and diluted earnings per share were HK41.87 cents (six months ended 30 June 2013: HK44.86 cents).

### INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK5.00 cents per share for the six months ended 30 June 2014 (six months ended 30 June 2013: HK5.00 cents per share).

The interim dividend will be paid on or about Monday, 20 October 2014 to shareholders whose names appear on the register of members at the close of business on Thursday, 9 October 2014.

### BUSINESS REVIEW

#### *In-Orbit Satellites*

For the first half year of 2014, the Group's in-orbit satellites and their corresponding ground TT&C (telemetry, tracking and command) systems and earth station have been operating under normal condition during the period and continue to provide reliable and high quality services to the Group's customers. As at 30 June 2014, the total transponder utilization rate of the Group's satellites was 79.9%.

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



## **APSTAR 5**

APSTAR 5 is positioned at 138 degree East geostationary orbital slot, with footprints covering Asia, Australia, New Zealand, Pacific Islands and Hawaii, as well as Mainland China, India, Taiwan and Hong Kong. The Group holds 20 C-band transponders and 9 Ku-band transponders of the APSTAR 5. As at 30 June 2014, the utilization rate of APSTAR 5 was 77.7%.

## **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 of 30 June 2014, the utilization rate of APSTAR 6 was 91.8%.

## **APSTAR 7**

APSTAR 7 is positioned at 76.5 degree East geostationary orbital slot with 28 C-band transponders and 28 Ku-band transponders and footprints covering up to 75% of the World's population in Asia Pacific Region, Middle East, Africa and Europe. As of 30 June 2014, the utilization rate of APSTAR 7 was 71.9%.

## **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. Starting from the second half of 2013, the Group can lease from China Satcom certain transponder capacities of APSTAR 7B and provide transponder services of the satellite to customers.

## **APSTAR 9A**

Commencing from 2014, the Group can lease from China Satcom certain transponders of Chinasat 5A (renamed as APSTAR 9A Satellite) at 142 degree East orbital slot. APSTAR 9A has developed a strong customer base for its replacement satellite, APSTAR 9 Satellite. Meanwhile, APSTAR 9A Satellite will achieve satisfactory growths in business revenue and profit over the coming two years and secure market share. As of 30 June 2014, the utilization rate of APSTAR 9A was 78.5%.



## ***Future Satellite***

### ***APSTAR 9***

On 22 November 2013, APT Group entered into the APSTAR 9 Satellite In-orbit Delivery Contract with China Great Wall Industry (Hong Kong) Corp. Limited (the “Contractor”), a wholly owned subsidiary of China Great Wall Industry Corporation, in respect of the manufacture, delivery and launch of a high power geostationary communication satellite based on DFH-4 series platform, with 32 C-band transponders and 14 Ku-band transponders. APSTAR 9 is expected to be launched in the fourth quarter of 2015. After the in-orbit delivery of the APSTAR 9 Satellite at 142 degree East orbital slot, it will subsequently replace APSTAR 9A. APSTAR 9 Satellite will take up the strong 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 of 30 June 2014, the construction progress of the satellite has been smooth.

### ***Transponder Lease Services***

For the first half year of 2014, with the commencement of APSTAR 9A project, the Group has further expanded the satellite capacity and maintained high utilisation rates. The Group has maintained its original market shares and major customers as well as increased new customers and sales in the Asia Pacific region, Middle East and Africa, and has further enhanced the Group’s customer-base and market outreach.

### ***Satellite TV Broadcasting and Uplink Services***

The Group’s broadcasting service is delivered through its wholly-owned subsidiary, APT Satellite TV Development Limited, which will continue to provide satellite TV broadcasting services under its Non-domestic Television Programme Service Licence. For the first half year of 2014, broadcasting services have again achieved new business growth by means of MCPC Platform Uplink Services.

### ***Satellite-based Telecommunications Services***

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



## **Data Centre Services**

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

## **BUSINESS PROSPECTS**

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

## **FINANCE**

As at 30 June 2014, the Group's financial position remains very robust and we have achieved continuous improvement in our operating result. Please refer to financial section for detailed analysis.

## **CORPORATE GOVERNANCE**

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

## **NOTE OF APPRECIATION**

I would like to express my sincere gratitude to all the customers in the period and my grateful gratitude to all our staff for their valuable contribution to the Group.

**Lei Fanpei**  
*Chairman*

Hong Kong, 25 August 2014





## FINANCIAL REVIEW

As at 30 June 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 during the period:

HK\$ thousand	Six months ended 30 June 2014	Six months ended 30 June 2013	Change
<b>Turnover</b>	<b>627,940</b>	559,091	+12.3%
<b>Gross profit</b>	<b>395,768</b>	375,509	+5.4%
<b>Profit before taxation</b>	<b>303,582</b>	332,258	-8.6%
<b>Profit attributable to shareholders</b>	<b>260,361</b>	278,960	-6.7%
<b>Basic earnings per share (HK cents)</b>	<b>41.87</b>	44.86	-6.7%
<b>EBITDA Margin (%)</b>	<b>77.8%</b>	84.8%	-7.0%
	<b>At 30 June 2014</b>	At 31 December 2013	
<b>Total assets</b>	<b>5,699,551</b>	5,546,311	+2.8%
<b>Total liabilities</b>	<b>1,906,335</b>	1,969,928	-3.2%
<b>Gearing ratio (%)</b>	<b>33.4%</b>	35.5%	-2.1%
<b>Liquidity ratio</b>	<b>4.77 times</b>	5.28 times	-0.51 times

The Group, with turnover growth of 12.3%, representing an increase of HK\$68,849,000, comparing to the same period of 2013. The increase in turnover was mainly due to the higher income generating from the new utilisation contracts for APSTAR 9A. The profit attributable to shareholders decreased by 6.7% to HK\$260,361,000. Lower profit was mainly due to fair value loss realised upon conversion of the convertible bonds into shares of CNC Holdings Limited as announced on 30 May 2014. If the fair value loss is excluded, the profit generating from core business increased by 12.1% as comparing to the same period of 2013.

### Other net income

Other net income for the period ended 30 June 2014 increased to HK\$23,476,000, as compared to other net income of HK\$14,039,000 for the same period in last year. The increase was mainly due to the interest income generated from the Renminbi bank deposit.



## Finance costs

Finance costs for the period ended 30 June 2014 decreased to HK\$13,457,000, as compared to finance costs of HK\$14,266,000 for the same period in 2013. 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. As at 30 June 2014, the investment in listed securities was remeasured at a fair value of HK\$54,464,000, based on the market price as at period end, with fair value gain of HK\$19,464,000 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 14 to this interim financial report.

## Income tax

Income tax expenses for the period ended 30 June 2014 decreased to HK\$43,221,000, as compared to HK\$53,298,000 for the same period in 2013. The decrease was mainly due to a lower profit before tax and reversal of provision for withholding taxes on overseas income in current period. The details of income tax of the Group are set out in note 6 to this interim financial report.

## CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the period, the Group's capital expenditure incurred for property, plant and equipment was HK\$167,499,000 (six months ended 30 June 2013: HK\$17,551,000). 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 period, the Group has repaid US\$14,000,000 (approximately HK\$109,200,000) against the 2010 Facility. The outstanding principal balance of the 2010 Facility was US\$146,000,000 (approximately HK\$1,138,800,000) at 30 June 2014.



As at 30 June 2014, the total borrowings amounted to approximately HK\$1,132,967,000 (as at 31 December 2013: approximately HK\$1,241,038,000). The Group recorded a decrease of approximately HK\$108,071,000 in the total borrowings during the period ended 30 June 2014, which was mainly due to the decrease of borrowing amount after repayment of part of the 2010 Facility.

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

<b>Term of repayment</b>	<b>HK\$</b>
Repayable within one year or on demand	108,044,000
Repayable after one year but within five years	1,024,923,000
Repayable after five years	–
	1,132,967,000

As at 30 June 2014, the Group's total liabilities were HK\$1,906,335,000, a decrease of HK\$63,593,000 as compared to 31 December 2013, which was mainly due to the loan repayment as described above. As a result, the gearing ratio (total liabilities/total assets) has decreased to 33.4%, representing a 2.1 percentage points decrease as compared to 31 December 2013.

For the period ended 30 June 2014, the Group recorded a net cash outflow of HK\$18,431,000 (six months ended 30 June 2013: net cash inflow of HK\$86,603,000) which included net cash outflow of HK\$105,874,000 used in investing activities, net cash outflow of HK\$165,022,000 used in financing activities. This was offset by the net cash inflow from operating activities of HK\$252,465,000. As at 30 June 2014, the Group has approximately HK\$1,288,985,000 of cash and bank deposits, 26.3% of which were denominated in United States Dollar, 72.7% in Renminbi and 1% in Hong Kong Dollar and other currencies which comprising HK\$71,100,000 cash and cash equivalents, HK\$1,199,433,000 bank deposits with original maturity beyond 3 months and HK\$18,452,000 pledged bank deposits. Together with cash flow to be generated from operations, the Group could meet with ease all the debt repayments scheduled in the future years.

## CAPITAL STRUCTURE

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



## FOREIGN EXCHANGE EXPOSURE

The Group's revenue and operating expenses are mainly denominated in United States Dollar and Renminbi. Capital expenditures are denominated in United States Dollar. The effect of exchange rate fluctuation in the United States Dollar is insignificant as the Hong Kong Dollar is pegged to the United States Dollar. The foreign exchange rate of the Renminbi has depreciated against the Hong Kong Dollar during the period ended 30 June 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 period.

## CHARGES ON GROUP ASSETS

As at 30 June 2014, the pledged bank deposits of HK\$18,452,000 (31 December 2013: HK\$15,504,000) are related to certain commercial arrangements and 2010 Facility which existed at the balance sheet date.

As at 30 June 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\$3,782,000 (31 December 2013: HK\$3,840,000).

## CAPITAL COMMITMENTS

As at 30 June 2014, the Group has outstanding capital commitments of HK\$1,324,701,000 (31 December 2013: HK\$1,653,799,000), which were mainly 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 purchase of APSTAR 9.

## CONTINGENT LIABILITIES

The details of contingent liabilities of the Group are set out in note 21 of this interim financial report.

## POST BALANCE SHEET EVENT

After the balance sheet date, the directors proposed an interim dividend. Further details are disclosed in note 24 of this interim financial report.

## HUMAN RESOURCES

As at 30 June 2014, the Group had 110 employees (2013: 103). The Group continues to provide on the job training to employees which meet their needs and periodically review its emolument policy based on the respective responsibilities of employees and current market trends.



# INTERIM FINANCIAL REPORT

## UNAUDITED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2014

(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2014	2013
		\$'000	\$'000
	Note		
<b>Turnover</b>	3,4	<b>627,940</b>	559,091
Cost of services		<b>(232,172)</b>	(183,582)
<b>Gross profit</b>		<b>395,768</b>	375,509
Other net income	5(a)	<b>23,476</b>	14,039
Valuation gains on investment property	10	<b>372</b>	1,146
Administrative expenses		<b>(55,358)</b>	(48,693)
<b>Profit from operations</b>		<b>364,258</b>	342,001
Fair value changes on financial instrument designated at fair value through profit or loss	14	<b>(47,219)</b>	4,523
Finance costs	5(b)	<b>(13,457)</b>	(14,266)
<b>Profit before taxation</b>	5	<b>303,582</b>	332,258
Income tax	6	<b>(43,221)</b>	(53,298)
<b>Profit for the period and attributable to equity shareholders of the Company</b>		<b>260,361</b>	278,960
<b>Earnings per share</b>	8		
– Basic and diluted		<b>41.87 cents</b>	44.86 cents

The notes on pages 17 to 30 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 7.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***For the six months ended 30 June 2014**(Expressed in Hong Kong dollars)*

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
<b>Profit for the period</b>	<b>260,361</b>	278,960
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<b>Items that will not be reclassified to profit or loss</b>	–	–
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	(2)	137
	(2)	137
<b>Other comprehensive income for the period</b>	(2)	137
<b>Total comprehensive income for the period</b>	<b>260,359</b>	279,097

The notes on pages 17 to 30 form part of this interim financial report.



## UNAUDITED CONSOLIDATED BALANCE SHEET

At 30 June 2014

(Expressed in Hong Kong dollars)

	Note	At 30 June 2014 \$'000	At 31 December 2013 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	3,203,005	3,183,673
Investment property	10	5,731	5,359
Intangible asset	11	133,585	133,585
Interest in joint venture		490	490
Club memberships		5,537	5,537
Loan receivable	12	24,180	–
Prepaid expenses	13	733,410	459,741
Deferred tax assets		10,133	–
		<b>4,116,071</b>	<b>3,788,385</b>
<b>Current assets</b>			
Investment in convertible bonds	14	–	101,683
Trade receivables, net	15	120,027	60,511
Loan receivable	12	24,180	–
Deposits, prepayments and other receivables		95,824	31,591
Financial assets at fair value through profit or loss	14	54,464	–
Pledged bank deposits	16	18,452	15,504
Bank deposits with original maturity beyond 3 months		1,199,433	1,459,106
Cash and cash equivalents	17	71,100	89,531
		<b>1,583,480</b>	<b>1,757,926</b>
<b>Current liabilities</b>			
Payables and accrued charges	18	73,382	117,049
Rentals received in advance		113,634	61,812
Secured bank borrowings due within one year	19	108,044	107,980
Current taxation		36,937	46,045
		<b>331,997</b>	<b>332,886</b>
<b>Net current assets</b>		<b>1,251,483</b>	<b>1,425,040</b>
<b>Total assets less current liabilities carried forward</b>		<b>5,367,554</b>	<b>5,213,425</b>

The notes on pages 17 to 30 form part of this interim financial report.

**UNAUDITED CONSOLIDATED BALANCE SHEET (CONTINUED)**

At 30 June 2014

(Expressed in Hong Kong dollars)

		At 30 June 2014 \$'000	At 31 December 2013 \$'000
<b>Total assets less current liabilities brought forward</b>		<b>5,367,554</b>	5,213,425
<b>Non-current liabilities</b>			
Secured bank borrowings due after one year	19	<b>1,024,923</b>	1,133,058
Deposits received		<b>93,978</b>	88,350
Deferred income		<b>79,904</b>	92,132
Deferred tax liabilities		<b>375,533</b>	323,502
		<b>1,574,338</b>	1,637,042
<b>NET ASSETS</b>		<b>3,793,216</b>	3,576,383
<b>Capital and reserves</b>			
Share capital		<b>62,181</b>	62,181
Share premium		<b>1,273,812</b>	1,273,812
Contributed surplus		<b>511,000</b>	511,000
Revaluation reserve		<b>368</b>	368
Exchange reserve		<b>2,476</b>	2,478
Other reserves		<b>442</b>	442
Accumulated profits		<b>1,942,937</b>	1,726,102
<b>TOTAL EQUITY</b>		<b>3,793,216</b>	3,576,383

The notes on pages 17 to 30 form part of this interim financial report.





## UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company							Total equity \$'000
	Share capital \$'000	Share premium \$'000	Contributed surplus \$'000	Revaluation reserve \$'000	Exchange reserve \$'000	Other reserves \$'000	Accumulated profits \$'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 the six months ended 30 June 2013								
Profit for the period	-	-	-	-	-	-	278,960	278,960
Other comprehensive income	-	-	-	-	137	-	-	137
Total comprehensive income	-	-	-	-	137	-	278,960	279,097
Dividend approved in respect of previous year (note 7(b))	-	-	-	-	-	-	(24,872)	(24,872)
Balance at 30 June 2013	62,181	1,273,812	511,000	368	2,316	442	1,490,681	3,340,800
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 the six months ended 30 June 2014								
Profit for the period	-	-	-	-	-	-	260,361	260,361
Other comprehensive income	-	-	-	-	(2)	-	-	(2)
Total comprehensive income	-	-	-	-	(2)	-	260,361	260,359
Dividend approved in respect of previous year (note 7(b))	-	-	-	-	-	-	(43,526)	(43,526)
Balance at 30 June 2014	62,181	1,273,812	511,000	368	2,476	442	1,942,937	3,793,216

The notes on pages 17 to 30 form part of this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT***For the six months ended 30 June 2014**(Expressed in Hong Kong dollars)*

		<b>Six months ended 30 June</b>	
		<b>2014</b>	2013
		<b>\$'000</b>	\$'000
	Note		
<b>Operating activities</b>			
Cash generated from operations		<b>262,898</b>	480,106
Tax paid		<b>(10,433)</b>	(6,684)
<b>Net cash generated from operating activities</b>		<b>252,465</b>	473,422
<b>Investing activities</b>			
Payment of purchase of property, plant and equipment		<b>(332,567)</b>	(15,886)
Increase in loan receivable		<b>(48,360)</b>	–
Decrease/(increase) in bank deposits with original maturity beyond 3 months		<b>259,673</b>	(292,346)
Other cash flows arising from investing activities		<b>15,380</b>	49,177
<b>Net cash used in investing activities</b>		<b>(105,874)</b>	(259,055)
<b>Financing activities</b>			
Dividend paid to equity shareholders of the company		<b>(43,526)</b>	(24,872)
Repayment of bank borrowings		<b>(109,200)</b>	(93,600)
Other cash flows arising from financing activities		<b>(12,296)</b>	(13,372)
<b>Net cash used in financing activities</b>		<b>(165,022)</b>	(131,844)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(18,431)</b>	82,523
<b>Cash and cash equivalents at 1 January</b>	17	<b>89,531</b>	156,535
<b>Effect of foreign exchange rates changes</b>		–	4,080
<b>Cash and cash equivalents at 30 June</b>	17	<b>71,100</b>	243,138

The notes on pages 17 to 30 form part of this interim financial report.



## NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

### 1. BASIS OF PREPARATION

This 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, 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 issue on 25 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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 2013 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”).

The interim financial report is unaudited, but has been reviewed by the Company’s 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 independent review report to the Board of Directors is included on pages 35 to 36.

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2014.



## 2. 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 interim financial report:

- 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 interim financial report 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 interim financial report 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.



### 3. SEGMENTAL REPORTING

#### Operating segment

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation 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 based on the Group's major operations. Since over 90% of the Group's revenue, operating results and assets during the six months ended 30 June 2014 and 2013 were derived from the provision of satellite transponder capacity and related services, no operating segment analysis is presented.

#### Geographical information

The Group's operating assets consist primarily of its satellites which are put into services for transmission to multiple countries but 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 six months ended 30 June 2014 are \$63,562,000, \$141,907,000, \$257,274,000 and \$165,197,000 respectively (six months ended 30 June 2013: \$50,486,000, \$139,128,000, \$203,174,000 and \$166,303,000 respectively).

### 4. SEASONALITY OF OPERATIONS

The Group's operations are not subject to significant seasonality fluctuations.





## 5. PROFIT BEFORE TAXATION (Continued)

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
(c) <b>Other items</b>		
Depreciation	148,099	147,041
Foreign currency exchange loss	2,371	–
Loss on disposal of property, plant and equipment	55	–

## 6. INCOME TAX

	Six months ended 30 June	
	2014 \$'000	2013 \$'000
<b>Current tax – Outside Hong Kong</b>		
Provision for the period	9,265	8,254
Over-provision in respect of prior years	(7,941)	(3,182)
	<b>1,324</b>	<b>5,072</b>
Deferred taxation – Hong Kong	41,897	48,226
Actual tax expense	<b>43,221</b>	<b>53,298</b>

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

Taxation outside Hong Kong includes profits tax and withholding tax paid or payable in respect of the Group's income from 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 period.

Deferred taxation in respect of Hong Kong Profits Tax was calculated at 16.5% (six months ended 30 June 2013: 16.5%) of the estimated temporary differences for the period.



## 7. DIVIDENDS

### (a) Dividends payable to equity shareholders of the Company attributable for the period

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Interim dividend declared after the balance sheet date of 5.00 cents (2013: 5.00 cents) per ordinary share	31,090	31,090

As the interim dividend is declared after the balance sheet date, such dividend has not been recognised as a liability as at 30 June 2014.

### (b) Dividends attributable to the previous financial year, approved and paid during the period

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Final dividend in respect of previous financial year, approved and paid during the period, of 7.00 cents (2013: 4.00 cents) per ordinary share	43,526	24,872

## 8. 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 \$260,361,000 (six months ended 30 June 2013: \$278,960,000) and the weighted average of 621,807,000 ordinary shares (30 June 2013: 621,807,000 shares) in issue during the period.

### (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 six months ended 30 June 2014 and 2013.





## 9. PROPERTY, PLANT AND EQUIPMENT

### (a) Acquisitions and disposals

During the six months ended 30 June 2014, the Group acquired property, plant and equipment at a total cost of \$167,499,000 (six months ended 30 June 2013: \$17,551,000). Property, plant and equipment with a net book value of \$66,000 was disposed of during the six months ended 30 June 2014 (six months ended 30 June 2013: \$nil), resulting in a loss on disposal of \$55,000 (six months ended 30 June 2013: gain of \$49,000).

### (b) Impairment loss

The Group conducted a review of its property, plant and equipment for the six months ended 30 June 2014 and 2013. It was concluded that no impairment would be required.

## 10. INVESTMENT PROPERTY

The investment property was revalued at 30 June 2014 at \$5,731,000 (31 December 2013: \$5,359,000) on an open market value basis by reference to net rental income allowing for reversionary income potential by Savills Valuation and Professional Services Limited, an independent professional property appraiser who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of the property being valued. A valuation gain of \$372,000 (six months ended 30 June 2013: \$1,146,000) has been recognised in the profit or loss during the six months ended 30 June 2014.

There was no addition, disposal or transfer of investment property during the six months ended 30 June 2014 and 2013.

## 11. INTANGIBLE ASSET

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.

During the six months ended 30 June 2014 and 2013, the Group conducted a review for impairment of the intangible asset and concluded no impairment would be required.



## 12. LOAN RECEIVABLE

Loan receivable of \$48,360,000 from a third party (see note 13) 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 balance sheet date and is neither past due nor impaired.

## 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.

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Balance at 31 December	459,741	461,854
Add: additions	274,449	409
Less: current portion (included in deposits, prepayments and other receivables under current assets)	(780)	(2,522)
Non-current portion	733,410	459,741

During the six months ended 30 June 2014, APT Satellite Company Limited ("APT HK"), a subsidiary of the Company, entered into a license agreement with a third party for the exclusive right to use certain orbital positions at an upfront premium of US\$28,000,000. The Company has paid US\$15,000,000 during the period regarding this agreement.

The Group has also advanced a loan of \$48,360,000 to the third party (see note 12).

## 14. 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 30 June 2014, the investment in listed securities was remeasured at a fair value of \$54,464,000, based on the market price as at period end, with fair value gain of \$19,464,000 credited to profit or loss.



## 15. TRADE RECEIVABLES, NET

The following is an ageing analysis of trade receivables (net of allowance for doubtful debts), based on the date of revenue recognition, at the balance sheet date:

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
1 – 30 days	47,568	24,783
31 – 60 days	19,791	8,412
61 – 90 days	18,137	5,920
91 – 120 days	12,189	3,455
Over 120 days	22,342	17,941
	<b>120,027</b>	60,511

The Group normally allows a credit period of 30 days from the date of revenue recognition to its trade customers. The trade receivables are expected to be recovered within one year from the balance sheet date.

## 16. PLEDGE OF ASSETS

At 30 June 2014, pledged bank deposits of \$18,452,000 (31 December 2013: \$15,504,000) are primarily related to certain commercial arrangements and secured bank borrowings made during the period.

At 30 June 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 \$3,782,000 (31 December 2013: \$3,840,000).

**17. CASH AND CASH EQUIVALENTS**

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Deposits with bank and other financial institutions with maturity less than 3 months	–	–
Cash at bank and on hand	<b>71,100</b>	89,531
Cash and cash equivalents in the consolidated balance sheet and the condensed consolidated cash flow statement	<b>71,100</b>	89,531

**18. PAYABLES AND ACCRUED CHARGES**

Trade payables are all aged within three months based on due date, and all payables and accrued charges are expected to be settled within one year from the balance sheet date.

**19. SECURED BANK BORROWINGS**

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Secured bank borrowings (net of unamortised finance costs) are repayable as follows:		
Within one year or on demand	<b>108,044</b>	107,980
After one year but within five years	<b>1,024,923</b>	1,133,058
After five years	–	–
	<b>1,132,967</b>	1,241,038



## 19. SECURED BANK BORROWINGS (Continued)

On 9 July 2010, APT HK, as borrower and the Company as guarantor entered into a Facilities Agreement with a syndicate of banks in respect of term loan facilities not exceeding an aggregate maximum amount of US\$200 million (“the 2010 Facility”). The 2010 Facility is applied to finance APSTAR 7 including its construction, launch costs and their related construction costs 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 will hold receipts of the transponder income. The 2010 Facility is repayable by way of semi-annual instalments over a six year period from 1 December 2012. During the period, APT HK has repaid US\$14,000,000 (approximately \$109,200,000) in this regard. As a result, the outstanding principal balance of the 2010 Facility was US\$146,000,000 (approximately \$1,138,800,000) at 30 June 2014.

The 2010 Facility is subject to the fulfillment of covenants relating to certain of the Group’s ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. For the six months ended 30 June 2014, the Group complied with all of the above covenants.

## 20. FAIR VALUE MEASUREMENT

IFRS/HKFRS 13, Fair value measurement categorises fair value measurements into a three-level hierarchy. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

**20. FAIR VALUE MEASUREMENT (Continued)****The Group**

	On 30 June 2014			On 31 December 2013		
	Level 1	Level 2	Level 3*	Level 1	Level 2	Level 3*
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Assets</b>						
Investment property (note 10)	-	-	5,731	-	-	5,359
Financial assets at fair value through profit or loss (note 14)	54,464	-	-	-	-	-
Investment in convertible bonds (note 14)	-	-	-	-	101,683	-

During the six months ended 30 June 2014 and year ended 31 December 2013, there were no transfers between levels of fair value hierarchy. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All other financial assets and liabilities are carried at amounts not materially different from their fair values as at 30 June 2014 and 31 December 2013.

\* Details required under IFRS/HKFRS 13 in respect of investment property's Level 3 valuations are not particularly disclosed as the value of investment property is not material to the Group.

**21. CONTINGENT LIABILITIES**

The Company has given bank guarantees in respect of secured banking facilities granted to APT HK (see note 19). The extent of such facilities utilised by the subsidiary at 30 June 2014 amounted to \$1,138,800,000 (31 December 2013: \$1,248,000,000).

Assets pledged to secure bank borrowings and facilities are disclosed in note 16.



## 22. COMMITMENTS

### (a) Capital commitments

At 30 June 2014 and 31 December 2013, the Group had the following outstanding capital commitments not provided for at the balance sheet date:

	At 30 June 2014 \$'000	At 31 December 2013 \$'000
Contracted for	1,324,701	1,653,799
Authorised but not contracted for	–	–
	<b>1,324,701</b>	<b>1,653,799</b>

### (b) Operating lease commitments

At 30 June 2014 and 31 December 2013, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	Land and buildings, and equipment \$'000	Satellite transponders capacity \$'000	Total \$'000
<b>At 30 June 2014</b>			
Within one year	91	64,156	64,247
After one year but within five years	–	49,738	49,738
	<b>91</b>	<b>113,894</b>	<b>113,985</b>
<b>At 31 December 2013</b>			
Within one year	129	15,570	15,699
After one year but within five years	18	6,393	6,411
	<b>147</b>	<b>21,963</b>	<b>22,110</b>

**23. MATERIAL RELATED PARTY TRANSACTIONS**

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

	Six months ended 30 June	
	2014	2013
	\$'000	\$'000
Income from provision of satellite transponder capacity and satellite-based telecommunication services to fellow subsidiaries (note i)	77,627	77,305
Income from provision of satellite transponder capacity and satellite-based telecommunication services to a holding company of a shareholder of the Company (note i)	22,400	23,161
Payment for receiving satellite transponder capacity and satellite-based telecommunication services from a fellow subsidiary (note i)	(55,122)	(4,770)
Management fees paid to a fellow subsidiary (note ii)	(220)	(294)

Notes:

- (i) The terms and conditions of these transactions with related parties were entered into in the normal course of business.
- (ii) Management fees were paid to a fellow subsidiary for services received during the period.

**24. POST BALANCE SHEET EVENT**

Subsequent to the end of the current interim period, the directors declared an interim dividend of \$31,090,000. Further details are disclosed in note 7.





## ADDITIONAL INFORMATION

### SUBSTANTIAL SHAREHOLDERS

As at 30 June 2014, 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
China Aerospace Science & Technology Corporation	1	339,300,000	54.57
China Satellite Communications Company Limited	2	330,300,000	53.12
APT Satellite International Company Limited	3	321,300,000	51.67
Temasek Holdings (Private) Limited	4	34,200,000	5.50
Singapore Telecommunications Limited	4	34,200,000	5.50
Singasat Private Limited	4	34,200,000	5.50

Note:

1. China Aerospace Science & Technology Corporation (“CASC”) was deemed to be interested in the shares of the Company by virtue of:
  - (a) CASC holds (i) 99.75% interest in China Satellite Communications Company Limited (“China Satcom”), which in turn holds 42.86% interest in APT Satellite International Company Limited (“APT International”) and (ii) 100% interest in China Satellite Communications (Hong Kong) Corporation Limited, which in turn holds 9,000,000 shares (approximately 1.45% interest) of the Company;
  - (b) CASC holds 100% interest directly in China Great Wall Industry Corporation, which in turn holds 14.29% interest in APT International;
  - (c) CASC directly holds 9,000,000 shares (approximately 1.45% interest) of the Company.
2. China Satcom was deemed to be interested in the shares of the Company by virtue of:
  - (a) China Satcom holds 42.86% interest in APT International;
  - (b) China Satcom holds 100% interest in China Satellite Communications (Hong Kong) Corporation Limited, which in turn holds 9,000,000 shares (approximately 1.45% interest) of the Company.



## SUBSTANTIAL SHAREHOLDERS (Continued)

Note: (Continued)

3. APT International directly holds 321,300,000 shares (approximately 51.67% interest) of the Company.
4. Temasek Holdings (Private) Limited (“Temasek”) was deemed to be interested in the shares of the Company by virtue of its interests through its controlled corporation (being Temasek’s 54.39% shareholding in Singapore Telecommunications Limited (“SingTel”), which was deemed to be interested in the shares of the Company by virtue of SingTel’s 100% shareholding in Singasat Private Limited). Singasat Private Limited holds 28.57% interest in APT International and directly holds 34,200,000 shares (approximately 5.50% interest) of the Company.

Save as disclosed above, as at 30 June 2014 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 2014, the interests of each Director and the Chief Executive of the Company are interested, or are deemed to be interested in the long and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO as recorded in the register maintained by the Company under section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transaction by Directors of Listed Companies are as follows:

Name of Director and Chief Executive	Nature of interests	Number of shares held	Numbers of share options
Meng Xingguo	Personal	292,000 <sup>(1)</sup>	–

Notes:

- (1) Dr. Meng’s wife held 292,000 shares of the Company. By virtue of his spouse’s interests, Dr. Meng was deemed to be interested in the same parcel of shares held by his wife pursuant to Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Save as disclosed above, as at 30 June 2014, none of the Directors or the Chief Executives of the Company had or was interested, or was deemed to be interested in the long and short positions in the shares and underlying shares of the Company nor any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.



## CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details since the date of the Annual Report 2013 of the Company or, as the case may be, the date of announcement for the change of director issued by the Company subsequent to the date of the Annual Report 2013, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below:

- Mr. Lei Fanpei has been appointed as Chairman of the Board of China Aerospace Science & Technology Corporation on 21 May 2014.
- Mr. Yong Foo Chong has resigned as Non-Executive Director of the Company with effect from 27 June 2014.
- Mr. Lim Kian Soon has been appointed as Non-Executive Director of the Company with effect from 27 June 2014.

Other than those disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## CORPORATE GOVERNANCE

### CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 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 maintain its consistency of making business decisions; and
- A6.7: Mr. Lei Fanpei, being Chairman of the Board of Directors and Mr. Lim Toon, Dr. Yin Yen-liang, Mr. Yong Foo Chong, Mr. Zhuo Chao and Mr. Fu Zhiheng, being Non-executive Directors, were unable to attend the Annual General Meeting held on 26 May 2014 as they were on 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.

### 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 2014 to 30 June 2014.



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

During the six months ended 30 June 2014, 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 22 August 2014, 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 2014, and discussed auditing and internal control matters. The Audit Committee comprises four independent non-executive directors, Dr. Lui King Man, Dr. Lam Sek Kong, Mr. Cui Liguo and Dr. Meng Xingguo.



## 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 11 to 30 which comprises the consolidated balance sheet of APT Satellite Holdings Limited (the “Company”) as of 30 June 2014 and the related consolidated income statement, statement of comprehensive income and statement of changes in equity and condensed consolidated statement of cash flows 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 Standard 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 the Company 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 2014 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  
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25 August 2014