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 with all its subsidiaries (collectively 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-9 ("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.

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

APSTAR SYSTEMS

Satellite	Model	Orbital Slot	TRANSPONDERS			
			C-Band		Ku-Band	
			Number	Coverage	Number	Coverage
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	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 was successfully launched on 17 October 2015. It has replaced APSTAR-9A and commenced commercial operation on 16 December 2015.

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aptmk@apstar.com (Marketing & Sales)
Web-site: www.apstar.com

CONTENT

CORPORATE INFORMATION

DIRECTORS

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

Non-executive directors
Yuan Jie *(Chairman)*
Lim Toon
Yin Yen-liang
Zhuo Chao
Fu Zhiheng
Lim Kian Soon
Tseng Ta-mon
(alternate director to Yin Yen-liang)

Independent non-executive directors
Lui King Man
Lam Sek Kong
Cui Liguo
Meng Xingguo

COMPANY SECRETARY

Lo Kin Hang, Brian

AUTHORISED REPRESENTATIVES

Cheng Guangren
Lo Kin Hang, Brian

MEMBERS OF AUDIT AND RISK MANAGEMENT COMMITTEE

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

MEMBERS OF NOMINATION COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

Lui King Man *(Chairman)*
Qi Liang
Lam Sek Kong
Cui Liguo
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, Solicitors

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
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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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STOCK CODE

1045

CHAIRMAN'S STATEMENT

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016.

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

INTERIM RESULTS

For the first half year of 2016, the Group's revenue amounted to HK$603,467,000 (six months ended 30 June 2015: HK$597,927,000), representing 0.9% increase as compared with corresponding period in the previous financial year. Profit attributable to equity shareholders amounted to HK$242,120,000 (six months ended 30 June 2015: HK$285,244,000) representing 15.1% decrease as compared with corresponding period in the previous financial year. Basic earnings per share and diluted earnings per share were HK25.96 cents (six months ended 30 June 2015: HK30.58 cents).

For the first half year of 2016, the Group's satellites maintained relatively high utilisation rates. The Group recorded a slight increase in revenue during the first half year. However, due to oversupply of transponders in the market, the Group continued to sustain transponder price downward pressure. The increased depreciation of the Group's new satellite also led to a decrease in profit attributable to equity shareholders.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3.50 cents per share for the six months ended 30 June 2016 (six months ended 30 June 2015: HK3.50 cents). The details of interim dividend of the Group are set out in note 7 of this report.

The interim dividend will be paid on or about Thursday, 20 October 2016 to shareholders whose names appear on the register of members at the close of business on Monday, 3 October 2016.

BUSINESS REVIEW

In-Orbit Satellites

During the first half year of 2016, 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 and continue to provide reliable and high quality services to the Group's customers. As at 30 June 2016, the total transponder utilisation rate of the Group's satellites was 67.5% representing an increase of 1.6 percentage points as compared with the total transponder utilisation rate at the end of 2015.

The Group's in-orbit satellites, namely, APSTAR-5, APSTAR-6, APSTAR-7 and APSTAR-9, 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 Satellite

APSTAR-5, positioned at 138 degree East geostationary orbital slot, with footprints covering Asia, Australia, New Zealand, Pacific Islands and Hawaii. The Group holds 20 C-band transponders and 9 Ku-band transponders of this satellite. As at 30 June 2016, the utilisation rate of APSTAR-5 was 74.6%. The Group has commissioned APSTAR-5C as the replacement satellite programme for APSTAR-5.

APSTAR-6 Satellite

APSTAR-6, positioned at 134 degree East geostationary orbital slot, is equipped with 38 C-band transponders and 12 Ku-band transponders with footprints covering the regions in Asia, Australia, New Zealand, Pacific Islands and Hawaii. As at 30 June 2016, the utilisation rate of APSTAR-6 was 78.1%. The Group has commissioned APSTAR-6C as the replacement satellite programme for APSTAR-6.

APSTAR-7 Satellite

APSTAR-7, positioned at 76.5 degree East geostationary orbital slot, is equipped with 28 C-band transponders and 28 Ku-band transponders with footprints covering up to 75% of the world's population in Asia Pacific region, Middle East, Africa and Europe. As at 30 June 2016, the utilisation rate of APSTAR-7 was 65.1%.

APSTAR-7B Satellite

APSTAR-7B (ChinaSat 12) is positioned at 87.5 degree East geostationary orbital slot. The Group may lease certain transponder capacities of APSTAR-7B from China Satellite Communications Company Limited. Its footprints cover Asia Pacific region, Middle East and Africa.

APSTAR-9 Satellite

APSTAR-9 was successfully launched on 17 October 2015 and positioned at 142 degree East geostationary orbital slot. APSTAR-9 is the replacement satellite of APSTAR-9A. APSTAR-9 is a high power geostationary communication satellite based on DFH-4 series platform, with 32 C-band transponders and 14 Ku-band transponders. As at 30 June 2016, the utilisation rate of APSTAR-9 was 56.1%.

Future Satellites

APSTAR-5C Satellite

On 23 December 2015, APT Satellite Company Limited ("APT HK"), a wholly-owned subsidiary of the Group, entered into a Satellite Transponder Agreement with Telesat International Limited, a wholly-owned subsidiary of Telesat Canada, in relation to the whole lifetime leasing of approximately 36.204 transponders representing approximately 57.47% of the total transponders capacities on APSTAR-5C.

APSTAR-5C is the replacement satellite for APSTAR-5. It is important for the Group to develop and launch APSTAR-5C, in replacing the in orbit satellite APSTAR-5, and for sustaining reliable services to existing APSTAR-5 customers. APSTAR-5C, which is scheduled to be launched in the first quarter of 2018, will carry additional transponder in expanded coverages, including regional high throughput capacities to satisfy future market demand so as to maintain the competitive edge of the Group.

APSTAR-6C Satellite

On 17 October 2015, APT HK, a wholly-owned subsidiary of the Group, entered into a Satellite Contract with China Great Wall Industry (Hong Kong) Corp. Limited, a wholly-owned subsidiary of China Great Wall Industry Corporation, in relation to the manufacturing, delivery and launching of APSTAR-6C. The satellite, which is based on a DFH-4 series platform having 26 C-band transponders, 19 Ku-band/Ka-band transponders, is a high power geostationary communications satellite. APSTAR-6C is the replacement satellite for APSTAR-6 and is scheduled to be launched in the first quarter of 2018 for in-orbit delivery.

APSTAR-6D Satellite

The Group has been actively looking for opportunities to improve the Group's market competitiveness. On 23 July 2016 and 12 August 2016, the Group entered into an investors' agreement and supplemental agreement with the Chinese investors to jointly develop the high-throughput satellite business in Asia Pacific region and Mainland China. The Group will invest RMB600 million in the project, which represents 30% interest in the joint venture. This satellite project is the first milestone of China's high-throughput broadband satellite communication system, laying a solid foundation for the Group's future development. APSTAR-6D will be positioned at 134 degree East geostationary orbital slot, and co-located with APSTAR-6C. APSTAR-6D is scheduled to be launched at the end of 2018 or in the first quarter of 2019.

The Group develops and launches new satellites built with the latest advanced technology and versatile footprint coverage to replace the existing satellite in order to maintain business continuity of the Group's customers and to enhance its edge in market competition over the region and to tap business growth with both conventional and high throughput transponder capacities.

Transponder Lease Services

During the first half year of 2016, amid the fierce market competition and price downward pressure due to oversupply situation in global satellite transponder market has resulted in the significant pressure in the transponder utilisation rate. As at 30 June 2016, the Group's satellites overall average transponder utilisation rate achieved 67.5% representing an increase of 1.6 percentage points, however, the revenue of core business only achieved an increase of 0.6%. The Group has maintained satisfactorily high utilisation rates which ensure promising contribution for continuous profitability. As the time of commercial operation of APSTAR-9 accumulates, the new member of the APSTAR Satellite will remarkably enhance the Group's customer-base and market outreach in the Asia Pacific region.

Satellite TV Broadcasting and Uplink Services, Satellite-based Telecommunication Services and Data Centre Services

With the Non-domestic Television Programme Service Licence, the Unified Carrier Licence of Hong Kong and the satellite earth station facilities and data centre facilities, the Group will continue to expand the scope of services and provide customers with satellite TV broadcasting services, satellite-based external telecommunication services, facilities management services, satellite telecommunication and satellite television uplink services and data centre services to achieve excellent synergic effects.

BUSINESS PROSPECTS

Looking forward to the whole year of 2016, the oversupply situation of transponder market will continue in the Asia Pacific region, Middle East and African region. The market competition of the satellite industry will continue to be fierce and subject to substantial price downward pressure. Nevertheless, the transponder utilisation rates of the Group's satellites, APSTAR-5, APSTAR-6 and APSTAR-7, as the premium satellite resources and the hot bird satellites, will continue to be at satisfactorily high level. Meanwhile, as the time of commercial operation of APSTAR-9 accumulates, the utilisation rate of APSTAR-9 will gradually go up and become one of the major growth potential of the Group, which will further strengthen the Group's ability of sustained growth and room for business development.

FINANCE

As at 30 June 2016, the Group's financial position remains very strong. 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 for their support to the Group and my grateful gratitude to all directors and our staff for their valuable contribution to the development of the Group.

Yuan Jie
Chairman

Hong Kong, 29 August 2016

FINANCIAL REVIEW

As at 30 June 2016, the Group's financial position remains very strong. The table below sets out the financial performance for the period ended 30 June 2016 and 30 June 2015:

	Financial Highlights		
	Six months ended 30 June		
	2016	2015	
	HK$'000	HK$'000	Change
Revenue	**603,467**	597,927	+0.9%
Gross profit	**357,413**	366,260	–2.4%
Profit before taxation	**297,092**	340,947	–12.9%
Profit attributable to shareholders	**242,120**	285,244	–15.1%
Basic earnings per share *(HK cents)*	**25.96**	30.58	–15.1%
EBITDA *(note)*	**499,159**	457,916	+9.0%
EBITDA Margin (%)	**82.7%**	76.6%	+6.1%

	At 30 June	At 31 December	
	2016	2015	
	HK$'000	HK$'000	Change
Total cash and bank balance	**877,217**	1,253,155	–30.0%
Total assets	**6,064,303**	6,141,254	–1.3%
Total liabilities	**1,418,715**	1,690,889	–16.1%
Net assets per share *(HK$)*	**4.98**	4.77	+4.4%
Gearing ratio (%)	**23.4%**	27.5%	–4.1%
Liquidity ratio	**4.97 times**	3.28 times	+1.69 times

Note: EBITDA is defined as earnings before interest expenses and other finance costs, taxation, depreciation and amortisation.

Revenue

	Six months ended 30 June		
	2016	2015	
	HK$'000	HK$'000	Change
Income from provision of satellite transponder capacity and related services	**584,577**	580,818	+0.6%
Income from provision of satellite-based broadcasting and telecommunications services	**9,749**	13,499	–27.8%
Service income	**9,141**	3,610	>100%
Total	**603,467**	597,927	+0.9%

For the first half year of 2016, the Group's revenue amounted to HK$603,467,000 (six months ended 30 June 2015: HK$597,927,000), representing 0.9% increase as compared with corresponding period in the previous financial year. The decrease in gross profit was mainly due to the increase in depreciation costs and in-orbit insurance of APSTAR-9 since the commercial operation from December 2015. The profit attributable to shareholders decreased by 15.1% to HK$242,120,000. The decrease was mainly due to the recognition of loss on changes in fair value of financial instruments of HK$4,249,000 as compared with gain on changes in fair value of financial instruments of HK$14,729,000 in the same period of last year.

Other net income

	Six months ended 30 June		
	2016	2015	
	HK$'000	HK$'000	Change
Interest income on bank deposits and other interest income	**8,096**	21,921	–63.1%
Foreign currencies exchange loss	**(5,030)**	(1,634)	> 100%
Rental income in respect of properties	**619**	497	+24.5%
Other service income	**1,722**	1,851	–7.0%
Gain on disposal of investment	**–**	1,461	–100%
Other income	**1,323**	261	>100%
Reversal of impairment loss on trade and other receivable recognised	**5,331**	1,698	>100%
Total	**12,061**	26,055	–53.7%

Total other net income for the period ended 30 June 2016 decreased by 53.7% to HK$12,061,000. The decrease was mainly because the Group has early repaid the outstanding bank loan with regards to the bank facility in 2010 of US$92,000,000 during the period ended 30 June 2016, resulting in the decrease of interest income on bank deposits and other interest income from HK$21,921,000 in period ended 30 June 2015 to HK$8,096,000 in period ended 30 June 2016.

Finance costs

Finance costs for the period ended 30 June 2016 decreased to HK$9,286,000, as compared to finance costs of HK$9,763,000 for the same period of last year. The decrease was primarily due to the decrease in borrowing amount after repayment of bank loan.

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

Based on the market price as at 30 June 2016, the balance of 141,651,429 ordinary shares of CNC Holdings Limited was remeasured at a fair value of HK$35,413,000, with fair value loss of HK$4,249,000 recognised in profit or loss. The details of financial assets at fair value through profit or loss of the Group are set out in note 14 of this report.

Income tax

Income tax expenses for the period ended 30 June 2016 decreased to HK$54,972,000, as compared to HK$55,703,000 for the same period of last year. The decrease was mainly due to the decrease in deferred taxation in the current period. The details of income tax of the Group are set out in note 6 of this report.

EBITDA

As a result of the increase in revenue, EBITDA for the period ended 30 June 2016 increased by 9.0% to HK$499,159,000, with the margin increased from 76.6% to 82.7%.

Trade Receivables

The Group's trade receivables balance amounting to HK$223,398,000 as at 30 June 2016, of which HK$146,950,000 are in the current to 30 days category, representing 65.8% of the total trade receivables based on invoice due date. Increase in trade receivables due to slower payments from certain major customers.

One of the five major customers has outstanding balance representing 32.0% of the total trade receivables, due to the policy adjustment in Mainland China for collecting VAT in lieu of business tax, resulting in the delay of payment, with a good credit history of this customer, the balance is considered fully recoverable.

Except for transponder lease contracts which are related to government tender projects, the Group's trading terms with its customers are mainly payment in advance and a one to three months deposit is normally required. As at 30 June 2016, the Group's deposits received amounting to HK$79,916,000.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

The Group maintains control over its outstanding receivables. Overdue balances are reviewed regularly and processes are in place to ensure balances are collected.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the period, the Group's capital expenditure incurred for property, plant and equipment was HK$216,125,000 (six months ended 30 June 2015: HK$337,558,000). The capital expenditure was mainly for the payments for the progress payments for APSTAR-6C and other equipments. The above capital expenditures were financed by internally-generated funds and borrowings from banks.

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 all of the outstanding principal balance amounting US$92,000,000 (approximately HK$717,600,000) against the 2010 Facility. The outstanding principal balance of the 2010 Facility was Nil at 30 June 2016.

On 14 June 2016, the Group entered into a new facility agreement with Bank of China (Hong Kong) Limited in respect of facilities not exceeding an aggregate amount of US$215,600,000 (the "2016 Facility"), under which there are term loan facilities of up to US$130,000,000 (the "Term Loan Facility"), revolving loan facility of up to US$70,000,000 and a facility of up to US$15,600,000 on certain commercial arrangements. The 2016 Facility is applied to finance the operation of APT HK including but not limited to the repayment of its existing bank borrowings, the procurement of satellites, the launch services of the satellites and the working capital in relation to such projects. The 2016 Facility is secured by the insurance claim proceed relating to APSTAR-6C. The Term Loan Facility is repayable by way of seven semi-annual installments commencing from the 24 months after the date of first drawdown of the Term Loan Facility. At 30 June 2016, US$59,302,000 (approximately HK$462,556,000) has been drawn down against the Term Loan Facility.

As at 30 June 2016, the total borrowings (net of unamortised finance cost) amounted to approximately HK$456,895,000 (31 December 2015: approximately HK$714,757,000). The Group recorded a decrease of approximately HK$257,862,000 in the total borrowings during the period ended 30 June 2016, which were due to the decrease of borrowing amount after the repayment of part of the 2010 Facility.

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

Term of repayment	HK$
Repayable within one year or on demand	–
Repayable after one year but within five years	456,895,000
	456,895,000

As at 30 June 2016, the Group's total liabilities were HK$1,418,715,000, a decrease of HK$272,174,000 as compared to 31 December 2015, mainly due to the repayment of bank loan with regards to the 2010 Facility. As a result, the gearing ratio (total liabilities/total assets) has decreased to 23.4%, representing a 4.1 percentage points decrease as compared to 31 December 2015.

For the period ended 30 June 2016, the Group recorded a net cash outflow of HK$167,550,000 (six months ended 30 June 2015: HK$323,693,000) which included net cash inflow of HK$120,222,000 generated from operating activities and HK$26,435,000 generated from investing activities. This was offset by net cash outflow of HK$314,207,000 used in financing activities. The cash flow used in financing activities consisted of HK$717,600,000 for repayment of the 2010 Facility.

As at 30 June 2016, the Group has approximately HK$877,217,000 of cash and bank deposits, 88.3% of which were denominated in United States Dollar, 11.0% in Renminbi and 0.7% in Hong Kong Dollar and other currencies which comprising HK$407,228,000 cash and cash equivalents, HK$468,000,000 bank deposits with original maturity beyond 3 months and HK$1,989,000 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 2016.

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

At 30 June 2016, the pledged bank deposits of HK$1,989,000 (31 December 2015: HK$15,672,000) are related to certain commercial arrangements made during the period. All pledged deposits with regards to the 2010 Facility were discharged by bank as at 30 June 2016.

As at 30 June 2016, 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$3,549,000 (31 December 2015: HK$3,607,000).

CAPITAL COMMITMENTS

As at 30 June 2016, the Group has outstanding capital commitments mainly related to APSTAR-5C and APSTAR-6C which is not provided for in the Group's financial statements. Among which HK$194,667,000 (31 December 2015: HK$235,019,000) commitments were authorised but not contracted for and HK$1,882,860,000 (31 December 2015: HK$2,211,612,000) was contracted for.

CONTINGENT LIABILITIES

The details of contingent liabilities of the Group are set out in note 22 of this report.

NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

After the end of the reporting period, the directors proposed an interim dividend. Further details are disclosed in note 25 of this report.

In addition, on 23 July 2016, the Group entered into an Investors' Agreement with Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang and Mr. Pang Lixin, and subsequently on 12 August 2016 a Supplemental Agreement with Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang, Mr. Pang Lixin, China Aerospace Investment, Guohua Junmin, HNA EcoTech and Shenzhen Capital for the establishment of a joint venture company, namely APT Mobile SatCom Limited (the "Joint Venture"), established in Shenzhen, Guangdong Province of the PRC. The total registered capital of the Joint Venture will be RMB2,000 million, of which the Group will contribute RMB600 million, representing 30% of the equity interest in the Joint Venture. Details of which can be referred to in the announcement of the Company on 23 July 2016 and on 14 August 2016.

HUMAN RESOURCES

As at 30 June 2016, the Group had 121 employees (30 June 2015: 112). 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 STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June **2016** **$'000**	 2015 $'000
Revenue	3, 4	**603,467**	597,927
Cost of services		**(246,054)**	(231,667)
Gross profit		**357,413**	366,260
Other net income	5(a)	**12,061**	26,055
Valuation (loss)/gain on investment properties	10	**(310)**	133
Administrative expenses		**(58,537)**	(56,467)
Profit from operations		**310,627**	335,981
Fair value changes on financial instrument designated at fair value through profit or loss	14	**(4,249)**	14,729
Finance costs	5(b)	**(9,286)**	(9,763)
Profit before taxation	5	**297,092**	340,947
Income tax	6	**(54,972)**	(55,703)
Profit for the period and attributable to equity shareholders of the Company		**242,120**	285,244
Earnings per share	8		
Basic and diluted		**25.96 cents**	30.58 cents

The notes on pages 20 to 33 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 2016
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Profit for the period	**242,120**	285,244
Other comprehensive income for the period (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss		
Surplus on revaluation of property, plant and equipment transferred to investment property	**–**	3,649
	–	3,649
Item that is or may be reclassified subsequently to profit or loss		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	**(261)**	(4)
	(261)	(4)
Other comprehensive income for the period	**(261)**	3,645
Total comprehensive income for the period	**241,859**	288,889

The notes on pages 20 to 33 form part of this interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016
(Expressed in Hong Kong dollars)

	Note	At 30 June 2016 $'000	At 31 December 2015 $'000
Non-current assets			
Property, plant and equipment	9	**4,300,027**	4,284,194
Investment properties	10	**10,907**	11,217
Intangible asset	11	**133,585**	133,585
Interests in joint ventures		**490**	491
Club memberships		**380**	380
Prepaid expenses	13	**447,285**	247,941
Deferred tax assets		**670**	393
		4,893,344	4,678,201
Current assets			
Financial assets at fair value through profit or loss	14	**35,413**	39,662
Loan receivable	12	**–**	24,180
Trade receivables, net	15	**223,398**	96,321
Deposits, prepayments and other receivables	13	**34,931**	49,735
Pledged bank deposits	16	**1,989**	15,672
Bank deposits with original maturity beyond 3 months		**468,000**	656,612
Cash and cash equivalents	17	**407,228**	580,871
		1,170,959	1,463,053
Current liabilities			
Payables and accrued charges	18	**91,915**	132,580
Rentals received in advance		**96,541**	101,231
Dividend payable		**–**	473
Secured bank borrowings due within one year	19	**–**	170,533
Current taxation		**46,963**	40,641
		235,419	445,458
Net current assets		**935,540**	1,017,595
Total assets less current liabilities carried forward		**5,828,884**	5,695,796

The notes on pages 20 to 33 form part of this interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 30 June 2016
(Expressed in Hong Kong dollars)

	Note	At 30 June 2016 $'000	At 31 December 2015 $'000
Total assets less current liabilities brought forward		**5,828,884**	5,695,796
Non-current liabilities			
Secured bank borrowings due after one year	19	**456,895**	544,224
Deposits received		**79,916**	79,346
Deferred income		**81,997**	104,705
Deferred tax liabilities		**564,488**	517,156
		1,183,296	1,245,431
Net assets		**4,645,588**	4,450,365
Capital and reserves			
Share capital	20	**93,271**	93,271
Share premium		**1,242,722**	1,242,722
Contributed surplus		**511,000**	511,000
Revaluation reserve		**4,017**	4,017
Exchange reserve		**1,462**	1,723
Other reserves		**442**	442
Accumulated profits		**2,792,674**	2,597,190
Total equity		**4,645,588**	4,450,365

The notes on pages 20 to 33 form part of this interim financial report.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016
(Expressed in Hong Kong dollars)

	Share capital $'000	Share premium $'000	Contributed surplus $'000	Revaluation reserve $'000	Exchange reserve $'000	Other reserves $'000	Accumulated profits $'000	Total equity $'000
Balance at 1 January 2015	62,181	1,273,812	511,000	368	2,169	442	2,159,530	4,009,502
Changes in equity for the six months ended 30 June 2015:								
Profit for the period	–	–	–	–	–	–	285,244	285,244
Other comprehensive income	–	–	–	3,649	(4)	–	–	3,645
Total comprehensive income	–	–	–	3,649	(4)	–	285,244	288,889
Bonus issue (note 20(b))	31,090	(31,090)	–	–	–	–	–	–
Dividend approved in respect of the previous year (note 7(b))	–	–	–	–	–	–	(43,526)	(43,526)
Balance at 30 June 2015	93,271	1,242,722	511,000	4,017	2,165	442	2,401,248	4,254,865
Balance at 1 January 2016	**93,271**	**1,242,722**	**511,000**	**4,017**	**1,723**	**442**	**2,597,190**	**4,450,365**
Changes in equity for the six months ended 30 June 2016:								
Profit for the period	**-**	**-**	**-**	**-**	**-**	**-**	**242,120**	**242,120**
Other comprehensive income	**-**	**-**	**-**	**-**	**(261)**	**-**	**-**	**(261)**
Total comprehensive income	**-**	**-**	**-**	**-**	**(261)**	**-**	**242,120**	**241,859**
Dividend approved in respect of the previous year (note 7(b))	**-**	**-**	**-**	**-**	**-**	**-**	**(46,636)**	**(46,636)**
Balance at 30 June 2016	**93,271**	**1,242,722**	**511,000**	**4,017**	**1,462**	**442**	**2,792,674**	**4,645,588**

The notes on pages 20 to 33 form part of this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2016
(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2016 $'000	2015 $'000
Operating activities			
Cash generated from operations		**121,817**	356,281
Overseas tax paid		**(1,595)**	(7,215)
Net cash generated from operating activities		**120,222**	349,066
Investing activities			
Payment of purchase of property, plant and equipment		**(210,994)**	(10,739)
Decrease in loan receivable		**24,180**	24,180
Decrease/(increase) in bank deposits with original maturity beyond 3 months		**188,612**	(333,399)
Other cash flows arising from investing activities		**24,637**	10,781
Net cash generated from/(used in) investing activities		**26,435**	(309,177)
Financing activities			
Dividend paid to equity shareholders of the company		**(47,109)**	(42,896)
Proceeds from bank borrowings		**462,556**	–
Repayment of bank borrowings		**(717,600)**	(312,000)
Payment of loan arrangement fee		**(6,591)**	–
Other cash flows arising from financing activities		**(5,463)**	(8,686)
Net cash used in financing activities		**(314,207)**	(363,582)
Net decrease in cash and cash equivalents		**(167,550)**	(323,693)
Cash and cash equivalents at 1 January	17	**580,871**	608,830
Effect of foreign exchange rates changes		**(6,093)**	–
Cash and cash equivalents at 30 June	17	**407,228**	285,137

The notes on pages 20 to 33 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

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, 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 29 August 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 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 2015 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for 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 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 37 to 38.

The financial information relating to the financial year ended 31 December 2015 that is included in the interim financial report as comparative 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 2015 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 22 March 2016.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group. 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.

– *Annual Improvements to IFRSs 2012-2014 Cycle*
– *Amendments to IAS 1, Presentation of financial statements: Disclosure initiative*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. SEGMENTAL REPORTING

Operating segments

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 2016 and 2015 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 2016 are $65,268,000, $155,448,000, $275,724,000 and $107,027,000 respectively (six months ended 30 June 2015: $54,682,000, $147,790,000, $255,171,000 and $140,284,000 respectively).

4. SEASONALITY OF OPERATIONS

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

5. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2016	2015
	$'000	$'000
(a) Other net income		
Interest income on bank deposits	**6,424**	18,610
Other interest income	**1,672**	3,311
Foreign currency exchange loss	**(5,030)**	(1,634)
Rental income in respect of properties	**619**	497
Other service income	**1,722**	1,851
Gain on disposal of investment	**–**	1,461
Other income	**1,323**	261
Reversal of impairment loss on trade and other receivables recognised	**5,331**	1,698
	12,061	26,055

	Six months ended 30 June	
	2016	2015
	$'000	$'000
(b) Finance costs		
Interest on bank borrowings	**5,396**	8,646
Other borrowing costs	**3,890**	1,117
	9,286	9,763

	Six months ended 30 June	
	2016	2015
	$'000	$'000
(c) Other items		
Depreciation	**200,225**	148,123
Loss on disposal of property, plant and equipment	**58**	–

6. INCOME TAX

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Current tax – Outside Hong Kong		
Provision for the period	**9,164**	9,466
Over-provision in respect of prior years	**(1,247)**	(3,097)
	7,917	6,369
Deferred taxation – Hong Kong	**47,055**	49,334
Actual tax expense	**54,972**	55,703

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 2015: 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	
	2016	2015
	$'000	$'000
Interim dividend declared after the end of the reporting period of 3.50 cents (2015: 3.50 cents) per ordinary share	**32,645**	32,645

As the interim dividend is declared after the end of the reporting period, such dividend has not been recognised as a liability as at 30 June 2016.

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

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Final dividend in respect of previous financial year, approved and paid during the period, of 5.00 cents (2015: 4.67 cents) per ordinary share	**46,636**	43,526

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 $242,120,000 (six months ended 30 June 2015: $285,244,000) and the weighted average of 932,711,000 ordinary shares (30 June 2015: 932,711,000 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 2016 and 2015.

9. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2016, the Group acquired property, plant and equipment, including construction-in-progress at a total cost of $216,125,000 (six months ended 30 June 2015: $337,558,000). Items of property, plant and equipment with a net book value of $58,000 were disposed during the six months ended 30 June 2016 (six months ended 30 June 2015: Nil), resulting in a loss on disposal of $58,000 (six months ended 30 June 2015: Nil).

(b) Impairment loss

The Group conducted a review of its property, plant and equipment for the six months ended 30 June 2016 and 2015. There was no indication of impairment identified during the review.

10. INVESTMENT PROPERTIES

In prior years, a property of the Group was held for office purpose and classified as property, plant and equipment. During the period ended 30 June 2015, the directors changed the use of this property from office purpose to rental purpose. Accordingly, this property with carrying value of $2,056,000 has been transferred from property, plant and equipment to investment properties. The fair value of this property was $5,705,000 at the date of reclassification.

The investment properties were revalued at 30 June 2016 at $10,907,000 (31 December 2015: $11,217,000) 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 properties being valued. A valuation loss of $310,000 (six months ended 30 June 2015: gain of $133,000) has been recognised in the profit or loss during the six months ended 30 June 2016.

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 2016 and 2015, the Group conducted a review for impairment of the intangible asset and concluded no impairment would be required.

12. LOAN RECEIVABLE

Loan receivable of Nil (31 December 2015: $24,180,000) from a third party is unsecured and interest bearing at London Inter Bank Offered Rate plus 5% per annum.

13. PREPAID EXPENSES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Prepaid expenses represent the advance payments in respect of transponder lease 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 2016 $'000	At 31 December 2015 $'000
Prepaid expenses balance at 31 December	**247,941**	110,926
Add: additions	**204,492**	147,311
Less: current portion (included in deposits, prepayments and other receivables under current assets)	**(5,148)**	(10,296)
Prepaid expenses non-current portion	**447,285**	247,941

On 23 December 2015, APT HK entered into a satellite transponder agreement with a third party for the lifetime leasing of 36.204 transponders on APSTAR-5C at a lease price of US$118,826,696 (equivalent to $926,848,000). APSTAR-5C is the replacement satellite for APSTAR-5 which is currently under construction. Prepayment of US$32,501,000 (equivalent to $253,507,000) was recognised as at 30 June 2016 (31 December 2015: US$11,286,000 (equivalent to $88,030,000)) in relation to such agreement.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2016, the investment in the listed shares of CNC Holdings Limited was remeasured at a fair value of $35,413,000 (31 December 2015: $39,662,000), based on the market price as at the period end, with a fair value loss of $4,249,000 (six months ended 30 June 2015: gain of $14,729,000) charged 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 end of the reporting period:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Within 30 days	**69,000**	41,691
31 – 60 days	**27,837**	14,911
61 – 90 days	**25,105**	12,589
91 – 120 days	**25,847**	8,764
Over 120 days	**75,609**	18,366
	223,398	96,321

The Group normally allows a credit period of 30 days to its trade customers. The trade receivables are expected to be recovered within one year from the end of the reporting period.

16. PLEDGE OF ASSETS

At 30 June 2016, the pledged bank deposits of $1,989,000 (31 December 2015: $15,672,000) are related to certain commercial arrangements made during the period. All pledged deposits with regards to the bank facility entered in 2010 (the "2010 Facility") (note 19) were discharged by bank as at 30 June 2016.

At 30 June 2016, 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 $3,549,000 (31 December 2015: $3,607,000).

17. CASH AND CASH EQUIVALENTS

	At 30 June 2016 $'000	At 31 December 2015 $'000
Deposits with bank and other financial institutions with maturity less than 3 months	**305,052**	511,643
Cash at bank and on hand	**102,176**	69,228
Cash and cash equivalents in the consolidated statement of financial position and the condensed consolidated cash flow statement	**407,228**	580,871

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 end of the reporting period.

19. SECURED BANK BORROWINGS

	At 30 June 2016 $'000	At 31 December 2015 $'000
Secured bank borrowings (net of unamortised finance cost) are repayable as follows:		
Within one year or on demand	**–**	170,533
After one year but within five years	**456,895**	544,224
	456,895	714,757

On 9 July 2010, APT HK, as borrower, and the Company, as guarantor, entered into a facility agreement with a syndicate of banks in respect of term loan facilities not exceeding an aggregate amount of US$200 million. 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, launch 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 installments over a six-year period from 1 December 2012. During the period, APT HK has repaid US$92,000,000 (approximately $717,600,000) in this regard. As a result, the outstanding principal balance of the 2010 Facility was Nil at 30 June 2016.

On 14 June 2016, APT HK, as borrower, and the Company, as guarantor, entered into a facility agreement with Bank of China (Hong Kong) Limited in respect of facilities not exceeding an aggregate amount of US$215,600,000 (equivalent to $1,681,680,000) (the "2016 Facility"), under which there are term loan facilities of up to US$130,000,000 (the "Term Loan Facility"). The 2016 Facility is applied to finance the operation of APT HK including but not limited to the repayment of its existing bank borrowings, the procurement of satellites, the launch services of the satellites and the working capital in relation to such projects. The 2016 Facility is secured by the insurance claim proceed relating to APSTAR-6C. The Term Loan Facility is repayable by way of seven semi-annual installments commencing from the 24 months after the date of first drawdown of the Term Loan Facility. At 30 June 2016, US$59,302,000 (approximately $462,556,000) has been drawn down against the Term Loan Facility.

19. SECURED BANK BORROWINGS (CONTINUED)

The 2010 Facility and 2016 Facility are 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 2016, the Group complied with all of the required covenants.

20. SHARE CAPITAL

(a) Authorised and issued share capital

	At 30 June 2016		At 31 December 2015	
	No. of shares '000	**$'000**	No. of shares '000	$'000
Authorised:				
Ordinary shares of $0.10 each	**2,000,000**	**200,000**	2,000,000	200,000
Ordinary shares, issued and fully paid:				
At 1 January	**932,711**	**93,271**	621,807	62,181
Bonus issue	**–**	**–**	310,904	31,090
At 30 June/31 December	**932,711**	**93,271**	932,711	93,271

(b) Bonus issue

On 27 May 2015, an amount of $31,090,000 standing to the credit of the share premium account was applied in paying up in full 310,904,000 ordinary shares of $0.1 each which were allotted and distributed as fully paid to existing shareholders in the proportion of one for every two shares then held.

21. 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

	At 30 June 2016			At 31 December 2015		
	Level 1	**Level 2**	**Level 3***	Level 1	Level 2	Level 3*
	$'000	**$'000**	**$'000**	$'000	$'000	$'000
Assets						
Investment properties (note 10)	**–**	**–**	**10,907**	–	–	11,217
Financial assets at fair value through profit or loss (note 14)	**35,413**	**–**	**–**	39,662	–	–

During the six months ended 30 June 2016 and year ended 31 December 2015, 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 2016 and 31 December 2015.

* Certain details required under IFRS/HKFRS 13 in respect of investment properties' Level 3 valuations are not disclosed as the value of investment properties is not material to the Group.

22. CONTINGENT LIABILITIES

The Company has given bank guarantee in respect of the banking facilities granted to APT HK (see note 19). The extent of such banking facilities utilised by APT HK at 30 June 2016 amounted to $462,556,000 (31 December 2015: $717,600,000).

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

23. COMMITMENTS

(a) Capital commitments

At 30 June 2016, the Group had the following outstanding capital commitments not provided for at the end of the reporting period:

	At 30 June 2016 $'000	At 31 December 2015 $'000
Contracted for	**1,882,860**	2,211,612
Authorised but not contracted for	**194,667**	235,019
	2,077,527	2,446,631

(b) Operating lease commitments

At 30 June 2016, 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**
At 30 June 2016			
Within one year	**555**	**9,687**	**10,242**
After one year but within five years	**442**	**10,742**	**11,184**
	997	**20,429**	**21,426**
At 31 December 2015			
Within one year	462	60,291	60,753
After one year but within five years	657	293	950
	1,119	60,584	61,703

24. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2016	2015
	$'000	$'000
Income from fellow subsidiaries for providing satellite transponder capacity and satellite-based telecommunication services (note i)	**81,335**	78,849
Income from a holding company of a shareholder of the Company for providing satellite transponder capacity and satellite-based telecommunication services (note i)	**22,598**	22,471
Income from a fellow subsidiary for provision of data centre services (note i)	**–**	47
Management fees paid to a fellow subsidiary (note ii)	**(230)**	(200)
Payment to fellow subsidiaries for satellite transponder capacity and satellite-based telecommunication services (note iii)	**(9,322)**	(57,320)

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.

(iii) Transponder capacity services cost was paid to a fellow subsidiary of the Company for services received during the period.

25. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the current interim period, the directors declared an interim dividend of $32,645,000. Further details are disclosed in note 7.

In addition, on 23 July 2016, the Group entered into a Investors' Agreement with Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang and Mr. Pang Lixin, and subsequently on 12 August 2016 a Supplemental Agreement with Beijing Shipping, Guo Xin (Shenzhen), Shenzhen Hao Chuang, Mr. Pang Lixin, China Aerospace Investment, Guohua Junmin, HNA EcoTech and Shenzhen Capital for the establishment of a joint venture company, namely APT Mobile SatCom Limited (the "Joint Venture"), established in Shenzhen, Guangdong Province of the PRC. The total registered capital of the Joint Venture will be RMB2,000 million, of which the Group will contribute RMB600 million, representing 30% of the equity interest in the Joint Venture. Details of which can be referred to in the announcement of the Company on 23 July 2016 and on 14 August 2016.

ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2016, 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	508,950,000	54.57
China Satellite Communications Company Limited	2	495,450,000	53.12
APT Satellite International Company Limited	3	481,950,000	51.67
Temasek Holdings (Private) Limited	4	51,300,000	5.50
Singapore Telecommunications Limited	4	51,300,000	5.50
Singasat Private Limited	4	51,300,000	5.50
International Value Adviser, LLC		47,641,500	5.11

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 of China Satellite Communications Company Limited ("China Satcom"), which in turn holds 42.86% of APT Satellite International Company Limited ("APT International"); and (ii) 100% in China Satellite Communications (Hong Kong) Corporation Limited, which in turn holds 13,500,000 shares (approximately 1.45% interests) of the Company;

   (b) CASC holds 100% interest directly in China Great Wall Industry Corporation, which in turn holds indirectly 14.29% interests in APT International; and

   (c) CASC directly holds 13,500,000 shares (approximately 1.45% interests) 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% interests in APT International; and

   (b) China Satcom holds 100% interest in China Satellite Communications (Hong Kong) Corporation Limited, which in turn holds 13,500,000 shares (approximately 1.45% interests) of the Company.

3. APT International directly holds 481,950,000 shares (approximately 51.67% interests) 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% interests in APT International and directly holds 51,300,000 shares (approximately 5.50% interests) of the Company.

SUBSTANTIAL SHAREHOLDERS (CONTINUED)

Save as disclosed above, as at 30 June 2016, 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 2016, 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 are as follows:

Name of Director and Chief Executive	Nature of interests	Number of shares held	Numbers of share options
Meng Xingguo	Personal	438,000 [(1)]	–

Note:

(1) Dr. Meng's wife held 438,000 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 2016, 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 Part XV of the SFO or Model Code for Securities Transactions by Directors of Listed Companies.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Since the date of the Annual Report 2015 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 2015, there is no other information required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2016, 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;

A6.7: Mr. Lim Toon, Dr. Yin Yen-liang, Mr. Zhuo Chao, Mr. Fu Zhiheng and Mr. Lim Kian Soon, being Non-executive Directors, Dr. Meng Xingguo, being Independent Non-executive Director, were unable to attend the Annual General Meeting held on 30 May 2016 as they were on business trips or attending important matters in overseas. However, other members of the Board including Chairman, all Executive Directors and three other 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 2016 to 30 June 2016.

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT AND RISK MANAGEMENT COMMITTEE

In the meeting on 26 August 2016, the Audit and Risk Management 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 2016, and discussed auditing and internal control matters. The Audit and Risk Management Committee comprises four independent non-executive directors, Dr. Lui King Man, Dr. Lam Sek Kong, Mr. Cui Liguo and Dr. Meng Xingguo.

KPMG

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 14 to 33 which comprises the consolidated statement of financial position of APT Satellite Holdings Limited (the "Company") as of 30 June 2016 and the related consolidated statement of profit or loss, statement of comprehensive income and 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 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 2016 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
29 August 2016