APT SATELLITE HOLDINGS LIMITED

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

2013 INTERIM RESULTS ANNOUNCEMENT

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 2013.

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

INTERIM RESULTS

For the first half year of 2013, the Group's turnover and profit attributable to equity shareholders amounted to HK$559,091,000 (six months ended 30 June 2012: HK$402,337,000) and HK$278,960,000 (six months ended 30 June 2012: HK$104,712,000) representing 39.0% and 1.66 times increases respectively as compared with corresponding period in the previous financial year. Basic earnings per share was HK44.86 cents (six months ended 30 June 2012: HK16.84 cents) and diluted earnings per share was HK44.86 cents (six months ended 30 June 2012: HK16.84 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 2013 (six months ended 30 June 2012: HK2.00 cents per share).

The interim dividend will be paid on or about Monday, 21 October 2013 to shareholders whose names appear on the register of members at the close of business on Thursday, 10 October 2013.

BUSINESS REVIEW

In-Orbit Satellites

For the first half year of 2013, 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 2013, the total transponder utilisation rate of the Group was 80.95%.

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

APSTAR 5

APSTAR 5, which is a high power geostationary telecommunication satellite based on FS1300 model supplied by Space Systems/Loral of USA positioning at 138ºE orbital slot, is one of the latest advanced satellites in the Asia Pacific region. The Group has interest in 20 C-band transponders and 9 Ku-band transponders in the satellite. As at 30 June 2013, the utilisation rate of APSTAR 5 was 82.33%.

APSTAR 6

APSTAR 6, which is a high power geostationary telecommunication satellite based on Spacebus 4000 C1 Platform supplied by Thales Alenia Space France of Europe positioning at 134ºE orbital slot with 38 C-band transponders and 12 Ku-band transponders, provides the latest advanced high power satellites transmission services in the Asia Pacific region. As of 30 June 2013, the utilisation rate of APSTAR 6 was 87.24%.

APSTAR 7

APSTAR 7, which is a high power geostationary telecommunication satellite based on Spacebus 4000 C2 Platform supplied by Thales Alenia Space France of Europe positioning at 76.5ºE orbital slot. The satellite was successfully launched to the designated orbit on 31 March 2012. It carries 28 C-band transponders and 28 Ku-band transponders with footprints cover Asia, Europe, Africa and Middle East and is one of best satellites in Asia Pacific region. As of 30 June 2013, the utilisation rate of APSTAR 7 was 75.08%.

Transponder Lease Services

For the first half year of 2013, the Group has further increased utilisation rates of transponders of in-orbit satellites. The Group has maintained its strong market shares as well as increased new customers and sales in the Asia Pacific region, Middle East, and Africa, and signed transponder service agreements with internationally renowned TV and media broadcasters. At present, the Group has further enhanced and broadened its customer-base and market outreach, thereby further enhanced the Group's capability in services, revenue and profit margin.

Satellite TV Broadcasting and Uplink Services

The Group's broadcasting and uplink services are based on the Group's transponders and the broadcasting services, which are very important value-added services under the Non-domestic Television Programme Service Licence of its wholly-owned subsidiary, APT Satellite TV Development Limited. For the first half year of 2013, the business of broadcasting and uplink transmission services in satellite television of the Group has been developing very rapidly.

Satellite-based Telecommunications Services

APT Telecom Services Limited, a wholly-owned subsidiary of the Group, provides satellite-based external telecommunication services, facilities management services, satellite telecommunication and satellite television uplink and downlink services under the Fixed Carrier Licence of Hong Kong to telecommunication operators, internet service operators, and TV broadcasting users in the region.

Data Centre Services

APT Datamatrix Limited (formerly known as "APT Satellite Vision Limited"), a wholly-owned subsidiary of the Group. The company has commenced full operation in March of 2013 for the provision of data centre services which enhance the transmission services capability in satellite telecommunication. Data centre service is a recently established telecommunication value-added service for our customers. According to the Group's long-term planning, it will have great business growth potential and synergic effect with satellite telecommunication services and will result in promising business value-added capability.

BUSINESS PROSPECTS

Looking forward to the whole year of 2013, the Group believes the market demand for satellite transponders in Asia Pacific, Middle East and Africa will maintain a growing trend. By its high quality in-orbit satellite transponders capacities, broad footprints coverage, high quality customer service capabilities, outstanding market image and awareness, the Group will achieve a better performance in those extremely high potential satellite transponder markets. The utilisation rates of the Group's APSTAR 5, APSTAR 6 and APSTAR 7 will maintain at high levels, enabling the Group to maintain market shares and achieve substantial revenue income.

Meanwhile, the continuing growth and achieving of synergies on the various value-added services in satellite broadcasting services, satellite telecommunication services and data centre services will also have positive effect on the business development of the Group.

FINANCE

As at 30 June 2013, the Group's financial position remains very robust. Please refer to financial section for detailed analysis.

CORPORATE GOVERNANCE

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

NOTE OF APPRECIATION

I would like to take this opportunity to thank all our customers and staff for their contributions to the Group during the period.

Lei Fanpei
Chairman

Hong Kong, 26 August 2013

FINANCIAL REVIEW

As at 30 June 2013, the Group's financial position remains very strong and we have achieved continuous improvement in our operating result. The table below sets out the financial performance during the period:

HK$ thousand	**Six months ended 30 June 2013**	Six months ended 30 June 2012	Change
Turnover	**559,091**	402,337	+39.0%
Gross profit	**375,509**	213,412	+76.0%
Profit before taxation	**332,258**	142,660	+132.9%
Profit attributable to shareholders	**278,960**	104,712	+166.4%
Basic earnings per share *(HK cents)*	**44.86**	16.84	+166.4%
EBITDA Margin (%)	**84.8%**	80.1%	+4.7%
	At 30 June 2013	At 31 December 2012	
Total assets	**5,218,071**	5,027,948	+3.8%
Total liabilities	**1,877,271**	1,941,373	-3.3%
Gearing ratio (%)	**36.0%**	38.6%	-2.6%
Liquidity ratio	**7.28 times**	5.14 times	+2.14 times

The turnover of the Group in the first half of 2013 increased by 39.0%, representing an increase of HK$156,754,000, comparing to the same period of 2012. The increase in turnover was mainly due to the result of recognising a full six-month of income generated from some new utilisation contracts for APSTAR 7 which commenced to operate from 1 June 2012. The profit attributable to shareholders increased by 166.4% to HK$278,960,000 due to the following factors:

Other net income

Other net income for the period ended 30 June 2013 increased to HK$14,039,000, as compared to other net income of HK$8,253,000 for the same period in last year. Included in other net income were interest income of HK$7,971,000 earned from the increase of average bank deposit amount and interest rates on the Renminbi deposits during the period.

Finance costs

Finance costs for the period ended 30 June 2013 increased to HK$14,266,000, as compared to finance costs of HK$4,517,000 for the same period in 2012. The increase was primarily due to related interest expenses were no longer capitalised upon commencement of APSTAR 7's operation.

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

Based on a review performed by an independent professional valuer as at 30 June 2013, the fair value of the convertible bonds was remeasured at HK$71,736,000, with a fair value gain of HK$4,523,000 recognised in profit or loss. The movements of investment in convertible bonds of the Group are set out in note 11 to this announcement.

Income tax

Income tax expenses for the period ended 30 June 2013 increased to HK$53,298,000, as compared to HK$37,948,000 for the same period in 2012. The increase was mainly due to the increase in operating profit for the period and reversal of provision for withholding taxes on overseas income. The details of income tax of the Group are set out in note 5 to this announcement.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the period, the Group's capital expenditure incurred for fixed assets was HK$17,551,000 (six months ended 30 June 2012: HK$690,332,000). The capital expenditure was mainly for the payments of the additions of equipment, including the equipment for data centre services. The above capital expenditures were financed by internally-generated funds.

The Group entered into a term loan facility (the "2010 Facility") with a syndicate of banks led by Bank of China (Hong Kong) Limited in 2010. The 2010 Facility, up to a maximum loan amount of US$200,000,000, was applied to finance APSTAR 7 including its construction, launch costs and their related constructions and insurance premium. The 2010 Facility is secured by the assignment of the construction and the termination payments under construction and launching contracts relating to APSTAR 7, the insurance claim proceeds relating to APSTAR 5 and APSTAR 7, assignment of the proceeds of all present and future transponder utilisation agreements of APSTAR 5 and APSTAR 7 and first fixed charge over certain bank accounts which hold receipts of the transponder income. During the period, the Group has repaid US$12,000,000 (approximately HK$93,600,000) against the 2010 Facility. The outstanding principal balance of the 2010 Facility was US$160,000,000 (approximately HK$1,248,000,000) at 30 June 2013.

As at 30 June 2013, the total borrowings amounted to approximately HK$1,241,233,000 (as at 31 December 2012: approximately HK$1,333,568,000). The Group recorded a decrease of approximately HK$92,335,000 in the total borrowings during the period ended 30 June 2013, which were due to the early loan repayment against out of the 2010 Facility.

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

Term of repayment	*HK$*
Repayable within one year or on demand	–
Repayable after one year but within five years	1,241,233,000
Repayable after five years	–
	1,241,233,000

As at 30 June 2013, the Group's total liabilities were HK$1,877,271,000, a decrease of HK$64,102,000 as compared to 31 December 2012, which was mainly due to the loan repayments as described above. As a result, the gearing ratio (total liabilities/ total assets) has decreased to 36.0%, representing a 2.6 percentage points decrease as compared to 31 December 2012.

For the period ended 30 June 2013, the Group recorded a net cash inflow of HK$86,603,000 (six months ended 30 June 2012: HK$64,849,000). As at 30 June 2013, the Group has approximately HK$1,122,915,000 of cash and bank deposits, 28% of which were denominated in United States Dollar, 71% in Renminbi and 1% in Hong Kong Dollar and other currencies comprising HK$243,138,000 cash and cash equivalents, HK$864,705,000 bank deposits with original maturity beyond 3 months and HK$15,072,000 pledged bank deposits. Together with cash flow to be generated from operations, the Group could meet with ease all the debt repayments scheduled in the future years.

Capital structure

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

Foreign exchange exposure

The Group's revenue and operating expenses are mainly denominated in United States Dollar and Renminbi. Capital expenditures are denominated in United States Dollar. The effect of exchange rate fluctuation in the United States Dollar is insignificant as the Hong Kong Dollar is pegged to the United States Dollar. The foreign exchange rate of the Renminbi has appreciated by 1.3% against the Hong Kong Dollar during the period ended 30 June 2013. The management does not foresee a material adverse foreign exchange risk to the Group.

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 management's strategy is to use financial instruments to manage its exposure to the floating LIBOR rate. The Group continues to adopt a conservative approach on monitoring foreign exchange exposure.

Charges on group assets

At 30 June 2013, the pledged bank deposits of HK$15,072,000 (31 December 2012: HK$56,887,000) are related to certain commercial arrangements and 2010 Facility which existed at the balance sheet date.

At 30 June 2013, a letter of guarantee issued by a bank to a subsidiary of the Company is secured by the Group's land and buildings with a net book value of approximately HK$3,899,000 (31 December 2012: HK$3,957,000).

Capital commitments

As at 30 June 2013, the Group has outstanding capital commitments of HK$8,118,000 (31 December 2012: HK$14,091,000), which were contracted but not provided for and HK$11,000 (31 December 2012: HK$4,740,000) which were authorised but not contracted for in the Group's financial statements, mainly in respect of future purchases of equipment.

Contingent liabilities

The details of contingent liabilities of the Group are set out in note 17 of this announcement.

Post balance sheet event

After the balance sheet date the directors proposed an interim dividend. Further details are disclosed in note 18 of this announcement.

Unaudited consolidated income statement
For the six months ended 30 June 2013
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2013	2012
	Note	***$'000***	*$'000*
Turnover	3	**559,091**	402,337
Cost of services		**(183,582)**	(188,925)
Gross profit		**375,509**	213,412
Other net income	4(a)	**14,039**	8,253
Valuation gains on investment property	9	**1,146**	499
Administrative expenses		**(48,693)**	(52,979)
Profit from operations		**342,001**	169,185
Fair value changes on financial instrument designated at fair value through profit or loss	11	**4,523**	(22,008)
Finance costs	4(b)	**(14,266)**	(4,517)
Profit before taxation	4	**332,258**	142,660
Income tax	5	**(53,298)**	(37,948)
Profit for the period and attributable to equity shareholders of the Company		**278,960**	104,712
Earnings per share	7		
– Basic and diluted		**44.86 cents**	16.84 cents

Unaudited consolidated statement of comprehensive income
For the six months ended 30 June 2013
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Profit for the period	**278,960**	104,712
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss	**–**	–
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	**137**	(308)
Cash flow hedge: movement in hedging reserve	**–**	1,823
	137	1,515
Other comprehensive income for the period	**137**	1,515
Total comprehensive income for the period	**279,097**	106,227

Unaudited consolidated balance sheet
At 30 June 2013
(Expressed in Hong Kong dollars)

	Note	At 30 June 2013 $'000	At 31 December 2012 $'000
Non-current assets			
Property, plant and equipment	8	**3,324,466**	3,453,945
Investment property	9	**4,937**	3,791
Intangible asset	10	**133,585**	133,585
Investment in convertible bonds	11	**71,736**	67,213
Club memberships		**5,537**	5,537
Prepaid expenses	12	**461,273**	461,854
		4,001,534	4,125,925
Current assets			
Trade receivables, net	13	**76,028**	96,413
Deposits, prepayments and other receivables		**17,594**	19,829
Pledged bank deposits	14	**15,072**	56,887
Bank deposits with original maturity beyond 3 months		**864,705**	572,359
Cash and cash equivalents		**243,138**	156,535
		1,216,537	902,023
Current liabilities			
Payables and accrued charges	15	**51,767**	64,955
Rentals received in advance		**67,065**	60,741
Current taxation		**48,270**	49,882
		167,102	175,578
Net current assets		**1,049,435**	726,445
Total assets less current assets carried forward		**5,050,969**	4,852,370

Unaudited consolidated balance sheet (continued)
At 30 June 2013
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2013** ***$'000***	At 31 December 2012 *$'000*
Total assets less current assets brought forward		**5,050,969**	4,852,370
Non-current liabilities			
Secured bank borrowings due after one year	16	**1,241,233**	1,333,568
Deposits received		**84,428**	84,473
Deferred income		**104,262**	115,735
Deferred tax liabilities		**280,246**	232,019
		1,710,169	1,765,795
NET ASSETS		**3,340,800**	3,086,575
Capital and reserves			
Share capital		**62,181**	62,181
Share premium		**1,273,812**	1,273,812
Contributed surplus		**511,000**	511,000
Revaluation reserve		**368**	368
Exchange reserve		**2,316**	2,179
Other reserves		**442**	442
Accumulated profits		**1,490,681**	1,236,593
TOTAL EQUITY		**3,340,800**	3,086,575

Unaudited consolidated statement of changes in equity

For the six months ended 30 June 2013
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company								
	Share capital	Share premium	Contributed surplus	Revaluation reserve	Exchange reserve	Hedging reserve	Other reserves	Accumulated profits	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2012	62,181	1,273,812	511,000	368	1,962	(1,823)	442	910,139	2,758,081
Changes in equity for the six months ended 30 June 2012									
Profit for the period	–	–	–	–	–	–	–	104,712	104,712
Other comprehensive income	–	–	–	–	(308)	1,823	–	–	1,515
Total comprehensive income	–	–	–	–	(308)	1,823	–	104,712	106,227
Dividend approved in respect of previous year *(note 6(b))*	–	–	–	–	–	–	–	(15,545)	(15,545)
Balance at 30 June 2012	62,181	1,273,812	511,000	368	1,654	–	442	999,306	2,848,763
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 6(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**

Notes:
(Expressed in Hong Kong dollars)

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 26 August 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements.

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 2012 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.

The financial information relating to the financial year ended 31 December 2012 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 2012 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 2013.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. The equivalent amendments to HKFRSs, consequently issued by the HKICPA, have the same effective date as those issued by the IASB and are in all material respects identical to the pronouncements issued by the IASB. Of these, the following developments are relevant to the Group's financial statements:

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

– IFRS/HKFRS 10, *Consolidated financial statements*

– IFRS/HKFRS 13, *Fair value measurement*

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

The impacts of the developments are discussed below:

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

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

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

- IFRS/HKFRS 13 replaces existing guidance in individual IFRSs/HKFRSs with a single source of fair value measurement guidance. IFRS/HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 11. The adoption of IFRS/HKFRS 13 does not have any material impact on the fair value measurements 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 2013 and 2012 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, and are not based within a specific geographical location. Accordingly, no segment analysis of the carrying amount of segment assets by location of assets is presented.

The Group is domiciled in Hong Kong. The revenue derived from customers in (a) Hong Kong, (b) Greater China (which includes Mainland China, Taiwan and Macau but excludes Hong Kong), (c) Southeast Asia and (d) other regions for the six months ended 30 June 2013 are $50,486,000, $139,128,000, $203,174,000 and $166,303,000 respectively (six months ended 30 June 2012: $56,349,000, $101,375,000, $153,669,000 and $90,944,000 respectively).

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

4. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
(a) Other net income		
Interest income on bank deposits	**7,971**	3,756
Interest income on convertible bonds	**875**	875
Other interest income	**200**	66
Foreign currency exchange gain	**2,555**	–
Rental income in respect of properties	**245**	266
Other service income	**1,933**	3,054
Gain on disposal of fixed assets	**49**	26
Other income	**211**	210
	14,039	8,253

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
(b) Finance costs		
Interest on bank borrowings and loan from a fellow subsidiary	**13,182**	18,674
Less: amount capitalised into construction in progress	**–**	(15,465)
	13,182	3,209
Change in fair value on derivative financial instrument	**–**	966
Other borrowing costs	**1,084**	342
	14,266	4,517

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
(c) Other items		
Depreciation	**147,041**	161,694
Foreign currency exchange loss	**–**	5,338

5. INCOME TAX

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Current tax – Outside Hong Kong		
Provision for the period	**8,254**	6,573
Over-provision in respect of prior years	**(3,182)**	–
	5,072	6,573
Deferred taxation – Hong Kong	**48,226**	31,375
Actual tax expense	**53,298**	37,948

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.

Outside Hong Kong tax includes profits tax and withholding taxes as paid or payable in respect of the Group's income from the provision of satellite transponder capacity to customers who are located outside Hong Kong. Over-provision in respect of prior years represents reversal of provision for withholding taxes. Management considers the likelihood of the Group being required to pay such withholding taxes has become remote and therefore made the reversal during the period.

Deferred taxation in respect of Hong Kong Profits Tax was calculated at 16.5% (six months ended 30 June 2012: 16.5%) of the estimated temporary differences for the period.

6. DIVIDENDS

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

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Interim dividend declared after the balance sheet date of 5.00 cents (2012: 2.00 cents) per ordinary share	**31,090**	12,436

As the interim dividend is declared after the balance sheet date, such dividend has not been recognised as a liability as at 30 June 2013.

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

	Six months ended 30 June	
	2013	2012
	$'000	*$'000*
Final dividend in respect of previous financial year, approved and paid during the period, of 4.00 cents (2012: 2.50 cents) per ordinary share	**24,872**	15,545

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $278,960,000 (six months ended 30 June 2012: $104,712,000) and the weighted average of 621,807,000 ordinary shares (30 June 2012: 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 2013 and 2012.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2013, the Group acquired property, plant and equipment at a total cost of $17,551,000 (six months ended 30 June 2012: $690,332,000). Property, plant and equipment with a net book value of nil was disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: $334), resulting in a gain on disposal of $49,000 (six months ended 30 June 2012: gain of $26,000).

(b) Impairment loss

The Group conducted a review of its property, plant and equipment for the six months ended 30 June 2013 and 2012. It was concluded that no impairment would be required.

9. INVESTMENT PROPERTY

The investment property was revalued at 30 June 2013 at $4,937,000 (31 December 2012: $3,791,000) 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. The valuation gain of $1,146,000 (six months ended 30 June 2012: $499,000) has been recognised in the profit or loss during the six months ended 30 June 2013.

There was no addition, disposal or transfer of investment property during the six months ended 30 June 2013 and 2012.

10. 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 2013 and 2012, the Group conducted a review for indicators of impairment of the intangible asset and concluded no impairment would be required.

11. INVESTMENT IN CONVERTIBLE BONDS AND FAIR VALUE MEASUREMENT

The Group holds convertible bonds issued by CNC Holdings Limited, a company listed in the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. The maturity of the convertible bonds is three years from the date of inception on 9 December 2011, and with an annual interest rate of 5% and conversion price of $0.196. At 30 June 2013, the fair value of the convertible bonds is remeasured at $71,736,000 (31 December 2012: $67,213,000), with a fair value gain of $4,523,000 (six months ended 30 June 2012: loss of $22,008,000) recognised in profit or loss for the period.

The movements of the fair value of the convertible bonds are set out below:

	Debt component	**Derivative component**	**Total**
	$'000	*$'000*	*$'000*
As at 1 January 2012	26,537	74,887	101,424
Change in fair value recognised in profit or loss	3,175	(37,386)	(34,211)
As at 31 December 2012	29,712	37,501	67,213
Change in fair value recognised in profit or loss	**1,338**	**3,185**	**4,523**
As at 30 June 2013	**31,050**	**40,686**	**71,736**

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

The fair value of debt component was calculated based on the present value of the contractually determined stream of future cash flows discounted at the required yield, which was determined with reference to the credit rating of the issuer and remaining time to maturity. The effective interest rate of the debt component of the convertible bonds is 16.67% (six months ended 30 June 2012: 14.68%).

The Black-Scholes model with trinomial tree method is used for the valuation of the derivative component of the convertible bonds. The inputs into the model for the derivative component of the convertible bonds as at 30 June 2013 and 31 December 2012 are as follows:

	At 30 June 2013	At 31 December 2012
Share price	**HK$0.78**	HK$0.71
Conversion price	**HK$0.196**	HK$0.196
Risk-free rate	**0.3335%**	0.1433%
Expected life	**1.44 years**	1.94 years
Implied volatility	**54.0209%**	52.1500%
Expected dividend yield	**–**	–

The fair value of each of the debt and derivative components of the convertible bonds at the balance sheet date are based on the valuation performed by Greater China Appraisal Limited, a firm of independent valuers not connected with the Group.

During the six months ended 30 June 2013, there were no transfers between Level 1 (quoted prices in active market for identical assets) and Level 2 (significant other observable inputs), or transfers into or out of Level 3 (significant unobservable inputs) (2012: nil transfer). The Group's policy is to recognise transfers between levels of fair value hierarchy at the end of reporting period in which they occur.

12. 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 2013	At 31 December 2012
	$'000	*$'000*
Balance at 31 December	**461,854**	19,170
Add: additions	**199**	456,612
Less: current portion (included in deposits, prepayments and other receivables under current assets)	**(780)**	(13,928)
Non-current portion	**461,273**	461,854

During the year ended 31 December 2012, a subsidiary of the Company, APT Satellite Company Limited, entered into a launch services contract, amounting to $452,400,000, with China Great Wall Industry Corporation, a fellow subsidiary of the Group, in respect of the provision of launch and associated services for a satellite.

13. TRADE RECEIVABLES, NET

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

	At 30 June 2013	At 31 December 2012
	$'000	*$'000*
Neither past due nor impaired	**54,395**	27,500
1 – 30 days	**9,462**	49,885
31 – 60 days	**4,281**	9,118
61 – 90 days	**2,275**	3,508
91 – 120 days	**1,524**	2,706
Over 120 days	**4,091**	3,696
	76,028	96,413

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 balance sheet date.

14. PLEDGE OF ASSETS

At 30 June 2013, pledged bank deposits of $15,072,000 (31 December 2012: $56,887,000) are primarily related to certain commercial arrangements and secured bank borrowings made during the period.

At 30 June 2013, a letter of guarantee issued by a bank to a subsidiary of the Company is secured by the Group's land and buildings with a net book value of approximately $3,899,000 (31 December 2012: $3,957,000).

15. 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.

16. SECURED BANK BORROWINGS

	At 30 June 2013	At 31 December 2012
	$'000	*$'000*
Secured bank borrowings (net of unamortised finance cost) are repayable as follows:		
Within one year or on demand	**–**	–
After one year but within five years	**1,241,233**	1,146,588
After five years	**–**	186,980
	1,241,233	1,333,568

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 2013, the Group complied with all of the above covenants.

17. CONTINGENT LIABILITIES

The Company has given bank guarantees in respect of secured banking facilities granted to APT Satellite Company Limited, a subsidiary of the Company. The extent of such facilities utilised by the subsidiary at 30 June 2013 amounted to $1,248,000,000 (31 December 2012: $1,341,600,000).

Assets pledged to secure bank borrowings and facilities are disclosed in note 14.

18. 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 6.

HUMAN RESOURCES

As at 30 June 2013, the Group had 103 employees (2012: 98). With regard to the emolument policy, the Group remunerates its employees in accordance with their respective responsibilities and current market trends. During the first half year of 2013, the Group has increased the salary of employees to a certain extent. To further motivate employees for better contribution to the Group, the Group has also established an incentive bonus scheme. The Group provides on the job training to employees to update and upgrade their knowledge on related job fields.

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

During the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 8 October 2013 to Thursday, 10 October 2013 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the proposed interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrars in Hong Kong, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 7 October 2013.

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2013, the Company has met the code provisions ("Code Provision") set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, save for the following Code Provisions:

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, and Dr. Meng Xingguo, being Independent Non-executive Director, were unable to attend the Annual General Meeting held on 23 May 2013 as they were on business trips or attending important matters in overseas. However, other members of the Board including the Executive Directors and Independent Non-executive Directors attended the meeting to answer any possible questions in relation to the Group's affairs.

AUDIT COMMITTEE

In the meeting on 23 August 2013, 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 2013, and discussed auditing and internal control matters. The Audit Committee comprises four independent non-executive directors, namely Dr. Lui King Man, Dr. Lam Sek Kong, Mr. Cui Liguo and Dr. Meng Xingguo.

INTERIM REPORT

The Company's 2013 Interim Report containing information required by Appendix 16 of the Listing Rules will be published on the Stock Exchange's website and the Company's website (www.apstar.com) in due course.

The Directors as at the date of this announcement are as follows:

Executive Directors:
Cheng Guangren (President) and Qi Liang (Vice President)

Non-Executive Directors:
Lei Fanpei (Chairman), Lim Toon, Yin Yen-liang, Yong Foo Chong, Zhuo Chao, Fu Zhiheng and Tseng Ta-mon (Alternate Director to Yin Yen-liang)

Independent Non-Executive Directors:
Lui King Man, Lam Sek Kong, Cui Liguo and Meng Xingguo