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APSTAR
by APT Satellite

亞太衛星控股有限公司*

APT SATELLITE HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 1045)

2015 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 2015.

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

INTERIM RESULTS

For the first half year of 2015, the Group's revenue and profit attributable to equity shareholders amounted to HK$597,927,000 (six months ended 30 June 2014: HK$627,940,000) and HK$285,244,000 (six months ended 30 June 2014: HK$260,361,000) representing 4.8% decrease and 9.6% increase respectively as compared with corresponding periods in the previous financial year. Basic earnings per share and diluted earnings per share were HK30.58 cents (six months ended 30 June 2014 (restated): HK27.91 cents).

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK3.50 cents per share for the six months ended 30 June 2015 (six months ended 30 June 2014 (restated): HK3.33 cents per share). The details of interim dividend of the Group are set out in note 6 of this announcement.

The interim dividend will be paid on or about Tuesday, 20 October 2015 to shareholders whose names appear on the register of members at the close of business on Friday, 9 October 2015.

* *For identification purpose only*

BUSINESS REVIEW

In-Orbit Satellites

For the first half year of 2015, 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 2015, the total transponder utilisation rate of the Group's satellites was 73.6%.

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

APSTAR 5

APSTAR 5, 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 2015, the utilisation rate of APSTAR 5 was 77.7%. The Group is in the course of considering the replacement satellite arrangement for APSTAR 5.

APSTAR 6

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 of 30 June 2015, the utilisation rate of APSTAR 6 was 80.8%.

APSTAR 7

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 of 30 June 2015, the utilisation rate of APSTAR 7 was 60.8%.

APSTAR 7B

APSTAR 7B is the backup satellite for APSTAR 7. Subsequent to the successful launch of APSTAR 7 in 2012, APSTAR 7B has already been transferred to China Satellite Communications Company Limited ("China Satcom"), and was launched and positioned at 87.5 degree East geostationary orbital slot with footprints covering Asia Pacific Region, Middle East and Africa. Starting from the second half of 2013, the Group may lease from China Satcom certain transponder capacities of APSTAR 7B and provide transponder services of the satellite to customers for expanding customer base and market reach.

APSTAR 9A

In the first half of 2015, the Group continued to lease from China Satcom APSTAR 9A transponder capacities at 142 degree East orbital slot. APSTAR 9A has developed a strong customer base for its replacement satellite, APSTAR 9. Meanwhile, APSTAR 9A has achieved satisfactory growths in business revenue and profit each year since commencing from 2014 and secured market share for APT Group. As of 30 June 2015, the utilisation rate of APSTAR 9A was 86.0%.

Future Satellite

APSTAR 9

As of 30 June 2015, the construction progress of the APSTAR 9 has been smooth and is expected to be launched in October, 2015. After the in-orbit delivery of the satellite at 142E degree orbital slot, it will subsequently replace APSTAR 9A. APSTAR 9 will take up the strong customer-base of APSTAR 9A upon the completion of the satellite replacement process. The Group believes that APSTAR 9 will further enhance the Group's capability of transponder services, broadcasting services and telecommunication services in Asia Pacific Region leveraging the in-flight connectivity and maritime demands so as to expand the customer base and increase the business revenue and profit.

Transponder Lease Services

For the first half year of 2015, certain customers have not been able to renew the contract after expiration, which resulted in the decline of the utilisation rates, but the Group has maintained the utilisation rates at high level. The Group has maintained its original market shares and major customers as well as increased new customers in the Asia Pacific region, Middle East and Africa, and has further enhanced the Group's customer-base and market outreach.

Satellite TV Broadcasting and Uplink Services

The Group's wholly-owned subsidiary, APT Satellite TV Development Limited, provides satellite TV broadcasting services under its Non-domestic Television Programme Service Licence, supporting the Group's new business growth by means of MCPC Platform Uplink Services.

Satellite-based Telecommunications Services

The Group continues to provide satellite-based external telecommunication services such as VSAT, facilities management services, satellite telecommunication and satellite television uplink services under its new Unified Carrier Licence of Hong Kong newly obtained in the first half of 2015 to telecommunication operators or customers including satellite operators and Internet service providers in the region.

Data Centre Services

The Group has expanded its telecommunication services to data centre services with its existing facilities and earth station as one of the value-added services for its customers with excellent business growth potential and excellent synergic effect with satellite services, broadcasting services and telecommunication services.

BUSINESS PROSPECTS

Looking forward to the whole year of 2015, the supply of transponders in the market has increased significantly in the Asia Pacific Region, Middle East and African region. The market competition of the satellite industry will become fiercer and the market will be subject to substantial price downward pressure. Nevertheless, the transponder utilisation rates of the Group's satellites, APSTAR 5, APSTAR 6, APSTAR 7, APSTAR 7B and APSTAR 9A will be maintained at a high level and will achieve satisfactory profit. The Group will continue to strengthen its competitive edges in market competition and achieve synergic effect from various value-added services in TV broadcasting services, telecommunication services and data centre services for achieving business and profit growth.

FINANCE

As at 30 June 2015, the Group's financial position remains very strong and the Group has achieved continuous improvement in its operation. 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; and adheres to the business code of ethics, which are applicable to all directors, senior management, and all employees; implement whistleblower protection policy, as well as advocate environmental awareness.

FINANCIAL REVIEW

As at 30 June 2015, 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 2015**	Six months ended 30 June 2014	**Change**
Revenue	**597,927**	627,940	**–4.8%**
Gross profit	**366,260**	395,768	**–7.5%**
Profit before taxation	**340,947**	303,582	**+12.3%**
Profit attributable to shareholders	**285,244**	260,361	**+9.6%**
Basic earnings per share (HK cents) ***(note)***	**30.58**	27.91	**+9.6%**
EBITDA Margin (%)	**76.6%**	77.8%	**–1.2%**
	At 30 June 2015	At 31 December 2014	
Total assets	**6,864,154**	6,564,257	**+4.6%**
Total liabilities	**2,609,289**	2,554,755	**+2.1%**
Gearing ratio (%)	**38.0%**	38.9%	**–0.9%**
Liquidity ratio	**1.93 times**	2.14 times	**–0.21 times**

Note: Basic and diluted earnings per share for the six months ended 30 June 2014 have been restated for the impact of the bonus issue of shares as explained in note 18(b) to this announcement.

For the first half year of 2015, revenue and gross profit were HK$597,927,000 and HK$366,260,000, representing a decrease of 4.8% and 7.5% respectively over the same period of last year. The decrease in revenue and gross profit were mainly due to the certain contracts were not renewed after expiration resulting the lower of transponder utilisation rate as comparing with same period of last year. The profit attributable to shareholders increased by 9.6% to HK$285,244,000. The increase was mainly due to recognition of gain on changes in fair value of financial instruments in the amount of HK$14,729,000 as compared with loss on changes in fair value of financial instruments in the amount of HK$47,219,000 in last year. EBITDA margin was 76.6%, representing a decrease of 1.2 percentage points as compared to the same period of last year.

Finance costs

Finance costs for the period ended 30 June 2015 decreased to HK$9,763,000, as compared to finance costs of HK$13,457,000 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 2015, the balance of 141,651,429 ordinary shares was remeasured at a fair value of HK$58,077,000, with fair value gain of HK$14,729,000 credited to profit or loss. The details of financial assets at fair value through profit or loss of the Group are set out in note 13 to this announcement.

Income tax

Income tax expenses for the period ended 30 June 2015 increased to HK$55,703,000, as compared to HK$43,221,000 for the same period of last year. The increase was due to the income tax expenses in 2014 was partially offset by the recognition of the tax losses arising from certain subsidiaries of the Group. 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 property, plant and equipment was HK$337,558,000 (six months ended 30 June 2014: HK$167,499,000). The capital expenditure was mainly for the progress payments for APSTAR 9 and other equipments. 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, launching and related insurance premium. The 2010 Facility is secured by the assignment of the construction, launching and related equipment contracts relating to APSTAR 7 and the termination payments under construction, the insurance claim proceeds relating to APSTAR 5 and APSTAR 7, assignment of the proceeds of all present and future transponder utilisation agreements of APSTAR 5 and APSTAR 7 and first fixed charge over certain bank accounts which hold receipts of the transponder income. During the period, the Group has repaid US$40,000,000 (approximately HK$312,000,000) against the 2010 Facility. The outstanding principal balance of the 2010 Facility was US$92,000,000 (approximately HK$717,600,000) at 30 June 2015.

As at 30 June 2015, the total borrowings amounted to approximately HK$715,641,000 (31 December 2014: approximately HK$1,025,590,000). The Group recorded a decrease of approximately HK$309,949,000 in the total borrowings during the period ended 30 June 2015, which was mainly 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	715,641,000
Repayable after five years	–
	715,641,000

As at 30 June 2015, the Group's total liabilities were HK$2,609,289,000, an increase of HK$54,534,000 as compared to 31 December 2014, after taking into the payable amount of capital expenditures of APSTAR 9. The gearing ratio (total liabilities/total assets) maintained at 38.0% (31 December 2014: 38.9%).

For the period ended 30 June 2015, the Group recorded a net cash outflow of HK$323,693,000 (six months ended 30 June 2014: net cash outflow of HK$18,431,000) which included net cash outflow of HK$309,177,000 used in investing activities and HK$363,582,000 used in financing activities. This was offset by the net cash inflow from operating activities of HK$349,066,000. As at 30 June 2015, the Group has approximately HK$1,658,136,000 of cash and bank deposits, 45% of which were denominated in United States Dollar, 54% in Renminbi and 1% in Hong Kong Dollar and other currencies which comprising HK$285,137,000 cash and cash equivalents, HK$1,341,273,000 bank deposits with original maturity beyond 3 months and HK$31,726,000 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. Since 2014, the foreign exchange rate of the Renminbi has depreciated against the Hong Kong Dollar.

Interest rate exposure

In respect of the Group's cash flow exposure to interest rate risk arising primarily from long-term borrowings at floating LIBOR rate, the Group has not entered into any interest rate risk hedge to mitigate exposure to interest rate risks during the period.

Charges on group assets

As at 30 June 2015, the pledged bank deposits of HK$31,726,000 (31 December 2014: HK$11,066,000) are related to certain commercial arrangements and 2010 Facility which existed at the end of the reporting period.

As at 30 June 2015, 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$3,665,000 (31 December 2014: HK$3,724,000).

Capital commitments

As at 30 June 2015, the Group has outstanding capital commitments of HK$277,766,000 (31 December 2014: HK$593,196,000), which were mainly contracted but not provided for and there were no authorised but not contracted for which were in the Group's financial statements, mainly in respect of progress payment for the purchase of APSTAR 9.

Contingent liabilities

The details of contingent liabilities of the Group are set out in note 19 to this announcement.

Post balance sheet event

After the end of the reporting period, the directors proposed an interim dividend. Further details are disclosed in note 20 to this announcement.

Unaudited consolidated statement of profit or loss
For the six months ended 30 June 2015
(Expressed in Hong Kong dollars)

		Six months ended 30 June	
		2015	2014
	Note	***$'000***	*$'000*
Revenue	3	**597,927**	627,940
Cost of services		**(231,667)**	(232,172)
Gross profit		**366,260**	395,768
Other net income	4(a)	**26,055**	23,476
Valuation gains on investment properties	9	**133**	372
Administrative expenses		**(56,467)**	(55,358)
Profit from operations		**335,981**	364,258
Fair value changes on financial instrument designated at fair value through profit or loss	13	**14,729**	(47,219)
Finance costs	4(b)	**(9,763)**	(13,457)
Profit before taxation	4	**340,947**	303,582
Income tax	5	**(55,703)**	(43,221)
Profit for the period and attributable to equity shareholders of the Company		**285,244**	260,361
Earnings per share	7		
– Basic and diluted		**30.58 cents**	27.91 cents

Note: Basic and diluted earnings per share for the six months ended 30 June 2014 have been restated for the impact of the bonus issue of shares as explained in note 18(b).

Unaudited consolidated statement of comprehensive income
For the six months ended 30 June 2015
(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Profit for the period	**285,244**	260,361
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items 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	–
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	**(4)**	(2)
	(4)	(2)
Other comprehensive income for the period	**3,645**	(2)
Total comprehensive income for the period	**288,889**	260,359

Unaudited consolidated statement of financial position

At 30 June 2015

(Expressed in Hong Kong dollars)

	Note	**At 30 June 2015 *$'000***	At 31 December 2014 *$'000*
Non-current assets			
Property, plant and equipment	8	**4,151,419**	3,964,040
Investment properties	9	**11,588**	5,750
Intangible asset	10	**133,585**	133,585
Interest in joint ventures		**491**	490
Club memberships		**5,537**	5,537
Loan receivable		**–**	24,180
Prepaid expenses	12	**165,947**	110,926
Deferred tax assets		**1,572**	2,030
		4,470,139	4,246,538
Current assets			
Trade receivables, net	14	**165,898**	112,007
Loan receivable	11	**24,180**	24,180
Deposits, prepayments and other receivables	12	**487,724**	502,621
Financial assets at fair value through profit or loss	13	**58,077**	51,141
Pledged bank deposits	15	**31,726**	11,066
Bank deposits with original maturity beyond 3 months		**1,341,273**	1,007,874
Cash and cash equivalents		**285,137**	608,830
		2,394,015	2,317,719
Current liabilities			
Payables and accrued charges	16	**1,137,084**	821,068
Rentals received in advance		**59,115**	63,605
Secured bank borrowings due within one year	17	**–**	155,819
Current taxation		**43,662**	44,507
		1,239,861	1,084,999
Net current assets		**1,154,154**	1,232,720
Total assets less current liabilities carried forward		**5,624,293**	5,479,258

Unaudited consolidated statement of financial position (continued)
At 30 June 2015
(Expressed in Hong Kong dollars)

	Note	**At 30 June 2015** **$'000**	At 31 December 2014 *$'000*
Total assets less current liabilities brought forward		**5,624,293**	5,479,258
Non-current liabilities			
Secured bank borrowings due after one year	17	**715,641**	869,771
Deposits received		**84,192**	82,648
Deferred income		**94,293**	90,911
Deferred tax liabilities		**475,302**	426,426
		1,369,428	1,469,756
NET ASSETS		**4,254,865**	4,009,502
Capital and reserves			
Share capital	18	**93,271**	62,181
Share premium		**1,242,722**	1,273,812
Contributed surplus		**511,000**	511,000
Revaluation reserve		**4,017**	368
Exchange reserve		**2,165**	2,169
Other reserves		**442**	442
Accumulated profits		**2,401,248**	2,159,530
TOTAL EQUITY		**4,254,865**	4,009,502

Unaudited consolidated statement of changes in equity

For the six months ended 30 June 2015

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company							
	Share capital	Share premium	Contributed surplus	Revaluation reserve	Exchange reserve	Other reserves	Accumulated profits	Total equity
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Balance at 1 January 2014	62,181	1,273,812	511,000	368	2,478	442	1,726,102	3,576,383
Changes in equity for the six months ended 30 June 2014								
Profit for the period	–	–	–	–	–	–	260,361	260,361
Other comprehensive income	–	–	–	–	(2)	–	–	(2)
Total comprehensive income	–	–	–	–	(2)	–	260,361	260,359
Dividend approved in respect of previous year *(note 6(b))*	–	–	–	–	–	–	(43,526)	(43,526)
Balance at 30 June 2014	62,181	1,273,812	511,000	368	2,476	442	1,942,937	3,793,216
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 18(b))*	**31,090**	**(31,090)**	**–**	**–**	**–**	**–**	**–**	**–**
Dividend approved in respect of previous year *(note 6(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**

Notes:
(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

The interim results set out in the announcement do not constitute the group's interim financial report for the six months period ended 30 June 2015 but are extracted from that report.

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 25 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements (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 2014 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 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 2014 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 2014 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2015.

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 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.

– *Annual Improvements to IFRS/HKFRSs 2010-2012 Cycle*
– *Annual Improvements to IFRS/HKFRSs 2011-2013 Cycle*

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 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 2015 and 2014 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 2015 are $54,682,000, $147,790,000, $255,171,000 and $140,284,000 respectively (six months ended 30 June 2014: $63,562,000, $141,907,000, $257,274,000 and $165,197,000 respectively).

4. PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
(a) Other net income		
Interest income on bank deposits	**18,610**	17,999
Interest income on convertible bonds	**–**	708
Other interest income	**3,311**	1,432
Foreign currency exchange loss	**(1,634)**	–
Rental income in respect of properties	**497**	333
Other service income	**1,851**	1,960
Gain on disposal of financial assets at fair value through profit or loss	**1,461**	–
Other income	**261**	300
Reversal of impairment loss on trade and other receivables recognised	**1,698**	744
	26,055	23,476

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
(b) Finance costs		
Interest on bank borrowings	**8,646**	12,266
Other borrowing costs	**1,117**	1,191
	9,763	13,457

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
(c) Other items		
Depreciation	**148,123**	148,099
Foreign currency exchange loss	**–**	2,371
Loss on disposal of property, plant and equipment	**–**	55

5. INCOME TAX

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Current tax – Outside Hong Kong		
Provision for the period	**9,466**	9,265
Over-provision in respect of prior years	**(3,097)**	(7,941)
	6,369	1,324
Deferred taxation – Hong Kong	**49,334**	41,897
Actual tax expense	**55,703**	43,221

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 2014: 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	
	2015	2014
	$'000	*$'000*
Interim dividend declared after the end of the reporting period of 3.50 cents (2014: 3.33 cents) per ordinary share *(note)*	**32,645**	31,090

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 2015.

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

	Six months ended 30 June	
	2015	2014
	$'000	*$'000*
Final dividend in respect of previous financial year, approved and paid during the period, of 4.67 cents (2014: 4.67 cents) per ordinary share *(note)*	**43,526**	43,526

Note: Interim dividend during the period ended 30 June 2014 and final dividend per ordinary share have been restated for the impact of the bonus issue of shares as explained in note 18(b).

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 $285,244,000 (six months ended 30 June 2014: $260,361,000) and the weighted average of 932,711,000 ordinary shares (30 June 2014: 932,711,000 shares after adjusting for bonus issue in 2015) in issue during the period. Please refer to note 18(b) for details of the bonus issue.

(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 2015 and 2014.

8. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2015, the Group acquired property, plant and equipment, including construction-in-progress at a total cost of $337,558,000 (six months ended 30 June 2014: $167,499,000). There was no material disposal of property, plant and equipment during the period.

(b) Impairment loss

The Group conducted a review of its property, plant and equipment for the six months ended 30 June 2015 and 2014. There was no indication of impairment identified during the review.

9. 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 intended 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 2015 at $11,588,000 (31 December 2014: $5,750,000) on an open market value basis by reference to net rental income allowing for reversionary income potential by Savills Valuation and Professional Services Limited, an independent professional property appraiser who have among their staff Fellows of the Hong Kong Institute of Surveyors with recent experience in the location and category of the property being valued. A valuation gain of $133,000 (six months ended 30 June 2014: $372,000) has been recognised in the profit or loss during the six months ended 30 June 2015.

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 2015 and 2014, the Group conducted a review for impairment of the intangible asset and concluded no impairment would be required.

11. LOAN RECEIVABLE

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

12. PREPAID EXPENSES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

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 2015	At 31 December 2014
	$'000	*$'000*
Balance at 31 December (Total)	**613,547**	491,332
Add: additions	**58,437**	230,488
Less: amortisation to profit or loss	**(18,313)**	(108,273)
Total	**653,671**	613,547
Less: current portion	**(487,724)**	(502,621)
Non-current portion	**165,947**	110,926

During the six months ended 30 June 2014, APT Satellite Company Limited ("APT HK"), a subsidiary of the Company, entered into a license agreement with a third party for the exclusive right to use certain orbital positions at an upfront premium of US$28,000,000. The Company has paid US$7,600,000 during the period regarding this agreement.

13. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In May 2014, the Group converted the convertible bonds issued by CNC Holdings Limited into 178,571,429 ordinary shares of the issuer and realised a fair value loss of $66,683,000 upon conversion. The investment in listed shares of CNC Holdings Limited is designated as "financial assets at fair value through profit or loss" with an initial fair value of $35,000,000. As at 30 June 2015, the investment in listed securities was remeasured at a fair value of $58,077,000 (31 December 2014: $51,141,000), based on the market price as at period end, with fair value gain of $14,729,000 (six months ended 30 June 2014: $19,464,000) credited to profit or loss.

14. 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 2015	At 31 December 2014
	$'000	*$'000*
1 – 30 days	**46,388**	45,388
31 – 60 days	**49,095**	16,204
61 – 90 days	**35,722**	11,673
91 – 120 days	**10,686**	7,039
Over 120 days	**24,007**	31,703
	165,898	112,007

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.

15. PLEDGE OF ASSETS

At 30 June 2015, pledged bank deposits of $31,726,000 (31 December 2014: $11,066,000) are primarily related to certain commercial arrangements and secured bank borrowings made during the period.

At 30 June 2015, 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 $3,665,000 (31 December 2014: $3,724,000).

16. 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.

17. SECURED BANK BORROWINGS

	At 30 June 2015	At 31 December 2014
	$'000	*$'000*
Secured bank borrowings (net of unamortised finance costs) are repayable as follows:		
Within one year or on demand	**–**	155,819
After one year but within five years	**715,641**	869,771
After five years	**–**	–
	715,641	1,025,590

On 9 July 2010, APT HK, as borrower and the Company as guarantor entered into a Facilities Agreement with a syndicate of banks in respect of term loan facilities not exceeding an aggregate maximum amount of US$200 million ("the 2010 Facility"). The 2010 Facility is applied to finance APSTAR 7 including its construction, launching and related insurance premium. The 2010 Facility is secured by the assignment of the construction, launching and related equipment contracts relating to APSTAR 7 and the termination payments under construction, the insurance claim proceeds relating to APSTAR 5 and APSTAR 7, assignment of the proceeds of all present and future transponder utilisation agreements of APSTAR 5 and APSTAR 7 and first fixed charge over certain bank accounts which will hold receipts of the transponder income. The 2010 Facility is repayable by way of semi-annual instalments over a six-year period from 1 December 2012. During the period, APT HK has repaid US$40,000,000 (approximately $312,000,000) in this regard. As a result, the outstanding principal balance of the 2010 Facility was US$92,000,000 (approximately $717,600,000) at 30 June 2015.

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 2015, the Group complied with all of the required covenants.

18. SHARE CAPITAL

(a) Authorised and issued share capital

	At 30 June 2015		At 31 December 2014	
	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	**621,807**	**62,181**	621,807	62,181
Bonus issue	**310,904**	**31,090**	–	–
At 30 June/31 December	**932,711**	**93,271**	621,807	62,181

(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.

19. CONTINGENT LIABILITIES

The Company has given bank guarantees in respect of secured banking facilities granted to APT HK (see note 17). The extent of such facilities utilised by the subsidiary at 30 June 2015 amounted to $717,600,000 (31 December 2014: $1,029,600,000).

Assets pledged to secure bank borrowings and facilities are disclosed in notes 15 and 17.

20. POST BALANCE SHEET EVENT

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 6.

HUMAN RESOURCES

As at 30 June 2015, the Group had 112 employees (2014: 110). 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.

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

During the six months ended 30 June 2015, 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 Wednesday, 7 October 2015 to Friday, 9 October 2015 (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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m on Tuesday, 6 October 2015.

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2015, 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, Fu Zhiheng and Mr. Lim Kian Soon, being Non-executive Directors, Mr. Meng Xingguo, being Independent Non-executive Directors, were unable to attend the Annual General Meeting held on 22 May 2015 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.

AUDIT COMMITTEE

In the meeting on 24 August 2015, 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 2015, and discussed auditing and internal control matters. The Audit Committee comprises four independent non-executive directors, Dr. Lui King Man, Dr. Lam Sek Kong, Mr. Cui Liguo and Dr. Meng Xingguo.

INTERIM REPORT

The unaudited financial information set out above does not constitute the Company's 2015 interim financial report for the six months ended 30 June 2015, but represents an extract from the interim financial report.

The Company's 2015 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.

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.

By Order of the Board
Yuan Jie
Chairman

Hong Kong, 25 August 2015

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:
Yuan Jie (Chairman), Lim Toon, Yin Yen-liang, Zhuo Chao, Fu Zhiheng, Lim Kian Soon 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