APT SATELLITE HOLDINGS LIMITED

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

COMPANY PROFILE

APT SATELLITE HOLDINGS LIMITED ("APT Group") is a listed company on The Stock Exchange of Hong Kong Limited. Having started its operation in 1992, APT Group provides high quality services in satellite transponders, satellite communication and satellite TV broadcasting to the broadcasting and telecommunication sectors in Asia, Europe and the United States, and achieves remarkable results. APT Group currently operates five satellites namely APSTAR 1, APSTAR 1A, APSTAR 2R, APSTAR 5 and APSTAR 6 ("APSTAR SYSTEMS") through its own satellite control centre in Tai Po, Hong Kong. APT Group has finished building its satellite TV broadcasting platform for the provision of "one-stop-shop" satellite TV broadcasting services, providing the best quality and reliable satellite TV uplink and broadcasting services to the customers. In addition, pioneered by advanced APSTAR 5 and ARSTAR 6 satellites, and supported by comprehensive broadcasting and telecommunications services, APT Group provides quality solutions to satisfy our customers' needs.

APSTAR SYSTEMS

Satellites	Model	Orbital Slots	TRANSPONDERS			
			C-Band		Ku-Band	
			Number	Coverage	Number	Coverage
APSTAR 6	Alcatel SB-4100 C1	134°E	38	China, India, Southeast Asia, Australia, Hawaii, Guam, South Pacific Islands	12	China (including Hong Kong, Macau and Taiwan)
APSTAR 5	SS/L FS-1300	138°E	38	China, India, Southeast Asia, Australia, Hawaii, Guam, South Pacific Islands	8 8	China (including Hong Kong, Macau and Taiwan) China and India
APSTAR 2R	SS/L FS-1300	76.5°E	28	Europe, Asia, Africa, Australia, about 75% of World's population	16	China (including Hong Kong, Macau and Taiwan) and Korea
APSTAR 1A	Boeing BSS-376	–	24	–	–	–
APSTAR 1	Boeing BSS-376	–	24	–	–	–

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CORPORATE INFORMATION

DIRECTORS

Executive directors

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

Non-executive directors

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

Independent non-executive directors

Huan Guocang
Lui King Man
Lam Sek Kong
Cui Liguo

COMPANY SECRETARY

Lo Kin Hang, Brian

AUTHORISED REPRESENTATIVES

Cheng Guangren
Lo Kin Hang, Brian

MEMBERS OF AUDIT COMMITTEE

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

MEMBERS OF NOMINATION COMMITTEE

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

MEMBERS OF REMUNERATION COMMITTEE

Lui King Man *(Chairman)*
Qi Liang
Huan Guocang
Lam Sek Kong
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AUDITORS

KPMG

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STOCK CODE

1045

CHAIRMAN'S STATEMENT

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") are pleased to announce the unaudited interim report of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2009.

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

INTERIM RESULTS

For the first half of 2009, the Group's turnover and profit attributable to equity shareholders amounted to HK$229,519,000 (2008: HK$197,987,000) and HK$52,814,000 (2008: HK$6,882,000) respectively. Basic earnings per share for the six months ended 30 June 2009 was HK$12.78 cents (six months ended 30 June 2008: HK$1.67 cents).

INTERIM DIVIDEND

Although the Group has achieved an increase of 667% in profit attributable to equity shareholders for the first half of 2009 as compared to the same period of last year, owing to the need of new satellite development, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

BUSINESS REVIEW

The Group's five satellites, APSTAR 6, APSTAR 5, APSTAR 2R, APSTAR 1A, and APSTAR 1, together with their corresponding telemetry, tracking and control systems, have been operating under normal condition during the period. On 10 July 2009, the Company announced that one of the two beacon transmitters onboard of APSTAR 5 has suffered from an anomaly which has no impact on the normal operation of the satellite.

APSTAR 6

APSTAR 6 satellite, which was based on SB4100 C1 model and launched in April 2005, is one of the latest advanced high power satellites in the region with 38 C-band transponders and 12 Ku-band transponders. As of 30 June 2009, its utilisation was 70.25%.

APSTAR 5

APSTAR 5 satellite, which was based on FS1300 model and launched in June 2004, is also one of the latest advanced high power satellites in the region. As at 30 June 2009, the Group has interest in 21 C-band transponders and 10 Ku-band transponders and its utilisation was 80.60%.

APSTAR 2R

On 1 June 2009, APT Satellite Company Limited (APT-HK), a wholly-owned subsidiary of the Company, entered into a lease termination agreement (the "Termination Agreement") with Telesat Canada and Telesat Asia Pacific Satellite (HK) Limited (jointly "Telesat") in respect of the termination and cancellation of the 1999 Lease Agreement of APSTAR 2R. The transaction was closed on 9 July 2009. APT-HK has paid US$61,970,000 to Telesat on 9 July 2009 and will pay the balance amounting US$6,885,000 within one year, as the portion of the lease payments paid in advance by Telesat under the 1999 Lease Agreement with respect to the remaining unexpired lease period from July 2009 to September 2012, in return for the termination of the 1999 Lease Agreement and the other covenants and agreements contained in the Termination Agreement.

Upon closing of the transaction, Telesat's leasehold interest of the 43 transponders has been terminated and corresponding customer contracts of APSTAR 2R have been assigned to APT-HK.

APSTAR 2R satellite, which was based on the FS1300 model and launched in October 1999, contains 28 C-band transponders and 16 Ku-band transponders. The C-band transponders cover Europe, Asia, Africa, and Australia, approximately 75% of the world's population and Ku-band transponders mainly cover China and Korea.

Satellite TV Broadcasting and Uplink Services

The Group provides satellite TV uplink and broadcasting services through its wholly-owned subsidiary, APT Satellite TV Development Limited ("APT TV") and successfully established the satellite TV broadcasting platform based on the Satellite TV Uplink and Downlink Licence of Hong Kong. As at 30 June 2009, the number of satellite TV channels up-linked and broadcast by APT TV has increased to 93 channels, representing an increase of approximately 6.90% as compared to the end of 2008.

Satellite-based Telecommunications Services

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

BUSINESS PROSPECTS

The demand of transponder services has grown steadily in the first half of 2009. The Group will leverage the growth potential arising from APSTAR 2R as well as further increase in the utilisations of APSTAR 5 and APSTAR 6 for the profit and investment growth.

The Group will roll out as soon as possible the new satellite plan of APSTAR 7, which will replace APSTAR 2R in 2012 so as to continue the business growth in future.

FINANCE

As at 30 June 2009, the Group's financial position remains sound with gearing of 27% (total liabilities/total assets). The Liquidity Ratio (current assets/current liabilities) is 2.94 times. The total equity of the Group is HK$2,089,774,000. The Group has cash and cash equivalents amounting to HK$628,826,000 and pledged bank deposits of HK$7,352,000. The capital expenditure incurred for the six months ended 30 June 2009 was approximately HK$4,502,000.

CORPORATE GOVERNANCE

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

NOTE OF APPRECIATION

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

Rui Xiaowu
Chairman

Hong Kong, 19 September 2009

FINANCIAL REVIEW

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

Financial Highlights:

HK$ thousand	Six months ended 30 June 2009	Six months ended 30 June 2008	Change
Turnover	229,519	197,987	+16%
Gross profit	96,602	56,490	+71%
Profit for the period	52,814	6,795	+677%
Profit attributable to shareholders	52,814	6,882	+667%
Basic Earnings per share (HK cents)	12.78 cents	1.67 cents	+11.11 cents
	At 30 June 2009	At 31 December 2008	
Total assets	2,860,859	2,546,283	+12%
Total liabilities	771,085	505,718	+52%
Gearing ratio (%)	27%	20%	+7%

For the first half of 2009, the Group recorded a turnover and profit for the period of HK$229,519,000 and HK$52,814,000. The turnover and profit attributable to equity shareholders has been increased by 16% and 667% respectively as compared to the same period of last year. The cause for the increase in net profit was principally the result of the following factors:

SATELLITE TRANSPONDER CAPACITY SERVICES AND RELATED SERVICES

Revenue from Satellite Transponder Capacity Services and Related Services for the period ended 30 June 2009 increased approximately 18% to HK$219,196,000, as compared to revenues of HK$185,097,000 for the same period in 2008. The increase of turnover was primarily due to commencement of new utilisation service contracts for APSTAR 6.

SATELLITE-BASED BROADCASTING AND TELECOMMUNICATIONS SERVICES

Revenue from Satellite-based Broadcasting and Telecommunications Services for the period ended 30 June 2009 decreased approximately 26% to HK$9,465,000, as compared to revenue of HK$12,810,000 for the same period in 2008. This was primarily due to inclusion of revenue from Beijing Asia Pacific East Communication Network Limited ('BAPECN") in 2008 while no such revenue in 2009.

FINANCE COSTS

For the period ended 30 June 2009, the Group's finance costs decreased by HK$15,021,000 as compared to the same period in 2008. This was primarily due to the Group incurred finance costs of HK$15,036,000 for the period ended 30 June 2008 under the US$240,000,000 bank loan facilities. The outstanding borrowings under the US$240,000,000 bank loan facilities have been fully repaid as at 31 December 2008. As at 30 June 2009, the Group has drawn down US$30,000,000 from new general banking facilities and interest of HK$15,000 has been incurred.

GAIN ON DISPOSAL OF A SUBSIDIARY

The Group sold its entire equity interest in BAPECN on 2 April 2008, realising a gain of HK$3,193,000. There was no disposal of any subsidiary during the period.

SHARE OF RESULT OF JOINTLY CONTROLLED ENTITY

The Group sold its entire equity interest in APT Satellite Telecommunications Limited ("APT Telecom") on 3 October 2008. Six months result of APT Telecom of HK$2,037,000 had been reflected in 2008 while no such revenue in 2009.

INCOME TAX

The income tax expenses increased by HK$15,439,000 as compared to the same period in 2008, mainly due to increase in net profit for the period.

CAPITAL EXPENDITURE, LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the period ended 30 June 2009, the Group's principal use of capital was the capital expenditure related to the satellite equipments and office equipments which have been funded by internally generated cash. The capital expenditure incurred for the six months ended 30 June 2009 amounted to HK$4,502,000 (six months ended 30 June 2008: HK$2,035,000).

During the period, the Group entered into an arrangement of general banking facilities (the "Banking Facilities") with Bank of China (Hong Kong) Limited. The Banking Facilities, including a term loan facility in the maximum loan amount of US$50,000,000, was applied to finance the termination of the 1999 lease agreement and ancillary agreement of APSTAR 2R and working capital requirements of the Group. The Banking Facilities is secured by certain properties of the Group, the assignment of revenue to be generated from service contracts relating to APSTAR 2R and APSTAR 5, APSTAR 2R insurance claim proceeds, and charge over a charged account which holds certain customer deposits and payments received on services to be provided by APSTAR 2R.

For the first half of 2009, US$30,000,000 (approximately HK$234,000,000) has been drawn down against the Banking Facilities. As a result of the above funding, total outstanding secured bank loan increased to HK$232,831,000. The debt maturity profile (net of unamortised finance cost) of the Group was as follows:

Year of Maturity	*HK$*
Repayable within 1 year or on demand	46,230,000
Repayable after one year but within five years	186,601,000
	232,831,000

As at 30 June 2009, the Group's total liabilities were HK$771,085,000, an increase of HK$265,367,000 as compared to 31 December 2008, which was mainly due to the secured bank loan as described above. As a result, the gearing ratio (total liabilities/total assets) has increased to 27%, representing a 7% increase as compared to 31 December 2008.

For the first half of 2009, the Group recorded a net cash inflow of HK$507,285,000 (six months ended 30 June 2008: net cash outflow of HK$31,788,000) which included net cash inflow from operating activities of HK$184,267,000 due to increase of turnover, net cash inflow from investing activities of HK$90,187,000 due to settlement of other financial assets and net cash inflow from financing activities of HK$232,831,000 due to new bank borrowings. As at 30 June 2009, the Group has approximately HK$628,826,000 cash and cash equivalents and HK$7,352,000 pledged deposits. Together with cash flow to be generated from operations, the Group could meet with ease all the debt repayments scheduled in the coming year.

CHARGES ON GROUP ASSETS

As at 30 June 2009, certain of the Group's other banking facilities are secured by the Group's land and buildings with a net book value of approximately HK$4,364,000 (31 December 2008: HK$4,422,000).

CAPITAL STRUCTURE

The Group consistently adheres to conservative fund management. The global financial crisis resulted in no significant impact to the Group's financial position. The solid capital structure and financial strength continue to provide a solid foundation for the Group's future development.

FOREIGN EXCHANGE EXPOSURE

The Group mainly earned revenue and incurred cost in the United States Dollar and Renminbi. The Group's insurance coverage premiums on satellite, debt services and substantially all capital expenditures were denominated in the United States Dollar; the remaining expenses were primarily denominated in the Hong Kong 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. In the past several years, appreciation of Renminbi against the Hong Kong Dollar maintained an increasing trend until the second half of 2008 when it stablised. The management expects that the exchange rate of Renminbi to remain stable and does not foresee a material adverse foreign exchange risk to the Group. The Group presently does not engage in any foreign currency hedging activities.

CAPITAL COMMITMENTS

As at 30 June 2009, the Group has outstanding capital commitments of HK$11,206,000 (31 December 2008: HK$1,499,000), which were not provided for in the Group's financial statements, mainly in respect of the future purchases of satellite equipment and office equipment. In addition, a subsidiary of the Company was contractually committed to enter into a termination of the 1999 lease agreement and ancillary agreement in respect of the remaining life of APSTAR 2R for an estimated amount of US$69,500,000 (approximately HK$542,000,000). Details are set out in the non-adjusting post balance sheet event as set out in note 21(a) of this interim financial report.

CONTINGENT LIABILITIES

The details of contingent liabilities of the Group are set out in note 20 of this interim financial report.

NON-ADJUSTING POST BALANCE SHEET EVENT

On 9 July 2009, the transactions in respect of the termination of 1999 lease agreement and ancillary agreement entered into on 1 June 2009 between the Group, Telesat Canada and Telesat Asia Pacific Satellite (HK) Limited were duly closed. For details, please refer to the announcement of the Company dated 1 June 2009, the circular of the Company dated 22 June 2009, the announcement of the Company dated 9 July 2009 and note 23(a) of this interim financial report.

On 13 August 2009, two transponders on APSTAR 5 were taken up by Telesat Satellite LP for a consideration of US$9,066,000. For details, please refer to note 23(b) of this interim financial report.

HUMAN RESOURCES

As at 30 June 2009, the Group has 81 employees (at 30 June 2008: 89). With regard to the emolument policy, the Group remunerates its employees in accordance with their respective responsibilities and current market trends. On 19 June 2001, the Company first granted share options under the share option scheme adopted at the annual general meeting on 22 May 2001 ("Scheme 2001") to its employees including executive directors. On 22 May 2002, the Group adopted a new share option scheme ("Scheme 2002") at the annual general meeting to comply with the requirements of the Rules ("Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). To further motivate employees for better contribution to the Group, the Group has also established an incentive bonus scheme.

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

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2009 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June 2009 $'000	 2008 $'000
Turnover	3,4	**229,519**	197,987
Cost of services	5	**(132,917)**	(141,497)
Gross profit		**96,602**	56,490
Other net income	5	**7,357**	8,858
Valuation (losses)/gains on investment properties	11	**(216)**	117
Administrative expenses		**(34,203)**	(47,592)
Profit from operations	3	**69,540**	17,873
Finance costs	5	**(15)**	(15,036)
Share of profits of jointly controlled entity		**–**	2,037
Gain on disposal of a subsidiary	6	**–**	3,193
Profit before taxation	5	**69,525**	8,067
Income tax	7	**(16,711)**	(1,272)
Profit for the period		**52,814**	6,795
Attributable to:			
Equity shareholders of the Company		**52,814**	6,882
Minority interests		**–**	(87)
Profit for the period		**52,814**	6,795
Earnings per share	9		
– Basic		**12.78 cents**	1.67 cents
– Diluted		**12.78 cents**	1.67 cents

The notes on pages 17 to 33 form part of this interim financial report.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2009 – UNAUDITED

(Expressed in Hong Kong dollars)

	Six months ended 30 June	
	2009	2008
	$'000	$'000
Profit for the period	**52,814**	6,795
Other comprehensive income for the period (after tax and reclassification adjustments):		
Exchange differences on translation of:		
– financial statements of overseas subsidiaries	**(3,605)**	4,083
Others	**–**	8
Total comprehensive income for the period	**49,209**	10,886
Attributable to:		
Equity shareholders of the Company	**49,209**	10,973
Minority interests	**–**	(87)
Total comprehensive income for the period	**49,209**	10,886

The notes on pages 17 to 33 form part of this interim financial report.

CONSOLIDATED BALANCE SHEET AT 30 JUNE 2009 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	At 30 June 2009 $'000	At 31 December 2008 $'000
Non-current assets			
Property, plant and equipment	10	**2,073,716**	2,183,468
Interest in leasehold land held for own use under an operating lease		**14,256**	14,444
Investment properties	11	**4,943**	5,159
Club memberships		**5,537**	5,537
Prepaid expenses		**29,247**	19,023
		2,127,699	2,227,631
Current assets			
Trade receivables, net	12	**82,368**	67,143
Deposits, prepayments and other receivables		**14,415**	26,728
Amount due from immediate holding company		**199**	155
Other financial assets	13	**–**	102,277
Pledged bank deposits	14	**7,352**	808
Cash and cash equivalents	15	**628,826**	121,541
		733,160	318,652
Current liabilities			
Payables and accrued charges	16	**38,645**	41,335
Rentals received in advance		**58,407**	40,608
Loan from a minority shareholder		**6,088**	6,088
Secured bank borrowings due within one year	17	**46,230**	–
Current taxation		**99,867**	98,242
		249,237	186,273
Net current assets		**483,923**	132,379
Total assets less current liabilities carried forward		**2,611,622**	2,360,010

CONSOLIDATED BALANCE SHEET (CONTINUED) AT 30 JUNE 2009 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	At 30 June 2009 $'000	At 31 December 2008 $'000
Total assets less current liabilities brought forward		**2,611,622**	2,360,010
Non-current liabilities			
Secured bank borrowings due after one year	17	**186,601**	–
Deposits received		**25,561**	23,093
Deferred income		**212,966**	209,370
Deferred tax liabilities		**96,720**	86,982
		521,848	319,445
NET ASSETS		**2,089,774**	2,040,565
Capital and reserves			
Share capital	18	**41,327**	41,327
Share premium		**1,287,536**	1,287,536
Contributed surplus		**511,000**	511,000
Capital reserve		**9,330**	9,330
Revaluation reserve		**368**	368
Exchange reserve		**3,607**	7,212
Other reserves		**123**	123
Accumulated profits		**236,483**	183,669
TOTAL EQUITY		**2,089,774**	2,040,565

The notes on pages 17 to 33 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2009 – UNAUDITED

(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company										
	Share capital $'000	Share premium $'000	Contributed surplus $'000	Capital reserve $'000	Revaluation reserve $'000	Exchange reserve $'000	Other reserves $'000	Accumulated profits $'000	Total $'000	Minority interests $'000	Total equity $'000
Balance at 1 January 2008	41,327	1,287,536	511,000	9,557	368	4,007	115	133,855	1,987,765	926	1,988,691
Changes in equity for the six months ended 30 June 2008											
Reversal of minority interest arising from disposal of a subsidiary	–	–	–	–	–	–	–	–	–	(839)	(839)
Total comprehensive income for the period	–	–	–	–	–	4,083	8	6,882	10,973	(87)	10,886
Balance at 30 June 2008 and 1 July 2008	41,327	1,287,536	511,000	9,557	368	8,090	123	140,737	1,998,738	–	1,998,738
Changes in equity for the six months ended 31 December 2008											
Cancellation of share options	–	–	–	(227)	–	–	–	227	–	–	–
Total comprehensive income for the period	–	–	–	–	–	(878)	–	42,705	41,827	–	41,827
Balance at 31 December 2008	41,327	1,287,536	511,000	9,330	368	7,212	123	183,669	2,040,565	–	2,040,565
Balance at 1 January 2009	**41,327**	**1,287,536**	**511,000**	**9,330**	**368**	**7,212**	**123**	**183,669**	**2,040,565**	**–**	**2,040,565**
Changes in equity for the six months ended 30 June 2009											
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**(3,605)**	**–**	**52,814**	**49,209**	**–**	**49,209**
Balance at 30 June 2009	**41,327**	**1,287,536**	**511,000**	**9,330**	**368**	**3,607**	**123**	**236,483**	**2,089,774**	**–**	**2,089,774**

The notes on pages 17 to 33 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2009 – UNAUDITED

(Expressed in Hong Kong dollars)

	Note	Six months ended 30 June	
		2009	2008
		$'000	$'000
Cash generated from operations		**189,615**	78,067
Tax paid		**(5,348)**	(3,119)
Net cash generated from operating activities		**184,267**	74,948
Net cash generated from investing activities		**90,187**	7,518
Net cash generated from/(used in) financing activities		**232,831**	(114,254)
Net increase/(decrease) in cash and cash equivalents		**507,285**	(31,788)
Cash and cash equivalents at 1 January	15	**121,541**	312,025
Effect of foreign exchange rates changes		**–**	2,422
Cash and cash equivalents at 30 June	15	**628,826**	282,659

The notes on pages 17 to 33 form part of this interim financial report.

NOTES ON THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Hong Kong dollars unless otherwise indicated)

1. BASIS OF PREPARATION

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 19 September 2009.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2009 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 2008 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs") or Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report is unaudited, but has been reviewed by the Company's auditors, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA. KPMG's independent review report to the Board of Directors is included on pages 39 to 40.

The financial information relating to the financial year ended 31 December 2008 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 2008 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 7 April 2009.

2. CHANGES IN ACCOUNTING POLICIES

The IASB has issued one new IFRS, a number of amendments and new interpretations that are first effective for the current accounting period of the Group and the Company. The equivalent new HKFRS, amendments and new interpretations, 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:

- IFRS/HKFRS 8, *Operating segments*
- IAS/HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to IAS 27/HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*
- Amendments to IFRS/HKFRS 7, *Financial instruments: Disclosures – improving disclosures about financial instruments*
- IAS/HKAS 23 (revised 2007), *Borrowing costs*
- Amendments to IFRS/HKFRS 2, *Shared-based payment – vesting conditions and cancellations*

The amendments to IAS/HKAS 23 and IFRS/HKFRS 2 have had no material impact on the Group's financial statements as the amendments and interpretations were consistent with policies already adopted by the Group. In addition, the amendments to IFRS/HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The impact of the remainder of these developments on the interim financial report is as follows:

- IFRS/HKFRS 8 requires segment disclosure to be based on the way that the Group's chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group's chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. During the period ended 30 June 2009, the Group adopted IFRS/HKFRS 8 which has no effect on the disclosures of the consolidated financial statements as the presentation of segment information in prior years, which was based on a disaggregation of the Group's financial statements into segments, has been prepared in a manner that was consistent with internal reporting provided to the Group's most senior executive management.

- As a result of the adoption of IAS/HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in this interim financial report and corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.

2. CHANGES IN ACCOUNTING POLICIES (continued)

- The amendments to IAS/HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 January 2009 all dividends receivable from subsidiaries, whether out of pre- or post-acquisition profits, will be recognised in the Company's profit or loss and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in profit or loss, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

3. SEGMENTAL REPORTING

The Group manages its businesses by service offering and geography. The first time adoption of IFRS/HKFRS 8, Operating segment, has resulted in no changes to segmental reporting as the presentation of segment information in prior years is consistent with the internal reporting to the Group's most senior executive for the purposes of assessing segment performance and making decisions about operating matters. The Group continues to maintain two main business segments, namely provision of satellite transponder capacity and related services and provision of satellite-based broadcasting and telecommunications services; the Group's total segmental turnover is further disaggregated based on the geographical locations of customers.

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

(a) Segment results, assets and liabilities

In accordance with IFRS/HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and current assets with the exception of investment properties, club memberships and other corporate assets. Segment liabilities included payables and accrued charges, rental received in advance, current taxation, deposits received, deferred income and bank borrowings managed directly by the segments.

Turnover and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

Additionally, segment turnover, on an aggregate basis, are allocated based on the geographical locations of customers.

3. SEGMENTAL REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

The following table represents turnover and profit information for business segments for the six months ended 30 June 2009 and 2008.

	Provision of satellite transponder capacity and related services		Provision of satellite-based broadcasting and telecommunications services		Inter-segment elimination		Consolidated	
For the six months ended	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000	**2009 $'000**	2008 $'000
Turnover from external customers	**219,196**	185,097	**9,465**	12,810	**–**	–	**228,661**	197,907
Inter-segment turnover	**5,445**	5,294	**834**	679	**(6,279)**	(5,973)	**–**	–
Total	**224,641**	190,391	**10,299**	13,489	**(6,279)**	(5,973)	**228,661**	197,907
Service income							**858**	80
							229,519	197,987
Segment result	**92,582**	47,960	**3,927**	(496)	**–**	–	**96,509**	47,464
Service income							**858**	80
Unallocated other net income							**6,376**	8,975
Unallocated administrative expenses								
– staff costs							**(20,989)**	(22,890)
– office expenses							**(13,214)**	(15,756)
Profit from operations							**69,540**	17,873
Finance costs							**(15)**	(15,036)
Share of profits of jointly controlled entities							**–**	2,037
Gain on disposal of a subsidiary							**–**	3,193
Profit before taxation							**69,525**	8,067
Income tax							**(16,711)**	(1,272)
Profit for the period							**52,814**	6,795
Depreciation for the period	**102,379**	107,725	**174**	1,515	**–**	–	**102,553**	109,240
Significant non-cash expenses (other than depreciation)	**–**	3,948	**–**	4,998	**–**	–	**–**	8,946
Capital expenditure incurred during the period	**4,436**	1,484	**66**	551	**–**	–	**4,502**	2,035

3. SEGMENTAL REPORTING (continued)

(a) Segment results, assets and liabilities (continued)

The following table represents aggregate turnover based on geographical locations of customers for the six months ended 30 June 2009 and 2008.

	Hong Kong		Other regions in the PRC		Singapore		Indonesia		Others		Total	
For the six months ended	**2009** **$'000**	2008 $'000	**2009** **$'000**	2008 $'000	**2009** **$'000**	2008 $'000	**2009** **$'000**	2008 $'000	**2009** **$'000**	2008 $'000	**2009** **$'000**	2008 $'000
Turnover from external customers	**30,575**	24,871	**75,199**	79,901	**36,815**	32,114	**51,600**	27,437	**35,330**	33,664	**229,519**	197,987

The following table represents certain assets and liabilities information regarding business segments as at 30 June 2009 and 31 December 2008.

	Provision of satellite transponder capacity and related services		Provision of satellite-based broadcasting and telecommunications services		Inter-segment elimination		Consolidated	
	At 30 June 2009 $'000	At 31 December 2008 $'000	**At 30 June 2009 $'000**	At 31 December 2008 $'000	**At 30 June 2009 $'000**	At 31 December 2008 $'000	**At 30 June 2009 $'000**	At 31 December 2008 $'000
Segment assets	**2,233,877**	2,186,865	**9,233**	8,154	**(36,711)**	(35,465)	**2,206,399**	2,159,554
Investment properties							**4,943**	5,159
Club memberships							**5,537**	5,537
Unallocated assets							**643,980**	376,033
Total assets							**2,860,859**	2,546,283
Segment liabilities	**628,893**	350,007	**42,116**	60,997	**(36,711)**	(35,465)	**634,298**	375,539
Deferred tax liabilities							**96,720**	86,982
Loan from minority shareholder							**6,088**	6,088
Unallocated liabilities							**33,979**	37,109
Total liabilities							**771,085**	505,718

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	
	2009	2008
	$'000	$'000
(a) Finance costs		
Interest on borrowings	**14**	14,136
Other finance costs	**1**	900
Total finance costs	**15**	15,036
(b) Other items		
Depreciation	**102,553**	109,240
Amortisation	**188**	188
Interest income	**(859)**	(5,933)
Rental income	**(285)**	(274)
Gain on disposal of property, plant and equipment	**(2)**	(65)

6. GAIN ON DISPOSAL OF A SUBSIDIARY

Pursuant to a disposal agreement dated 2 April 2008, CTIA VSAT Network Limited ("CTIA"), a subsidiary of the Company, disposed of its entire equity interest in Beijing Asia Pacific East Communication Network Limited ("BAPECN") to an independent third party at a total consideration of RMB4,800,000 (approximately $5,328,000). Beijing Zhong Guang Xian Da Data Broadcast Technology Co. Limited, a jointly controlled entity of the Company, in which BAPECN has 35% equity, was also disposed of as part of the sale.

Net assets disposed of:

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

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary was as follows:

	At 30 June 2008 $'000
Cash and bank balance disposed	532
Net cash outflow	532

7. INCOME TAX

	Six months ended 30 June	
	2009	2008
	$'000	$'000
Current tax – Overseas	**6,973**	5,659
Deferred tax	**9,738**	(4,387)
	16,711	1,272

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group operating in Hong Kong utilised tax losses brought forward from prior years. Taxation for the overseas subsidiary is calculated using the estimated annual effective tax rate of taxation that is expected to be applicable in the relevant country. Overseas tax includes the withholding tax paid or payable in respect of Group's income from provision of satellite transponder capacity to customers which are located outside of Hong Kong.

8. DIVIDENDS

Dividends payable to equity shareholders attributable to the interim period:

	2009	2008
	$'000	$'000
Interim dividend declared and paid after the interim period	**–**	–

9. 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 $52,814,000 (six months ended 30 June 2008: $6,882,000) and the weighted average of 413,265,000 ordinary shares (30 June 2008: 413,265,000 shares) in issue during the six months ended 30 June 2009.

(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 2009 and 2008.

10. PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions

During the six months ended 30 June 2009, the Group acquired property, plant and equipment with a cost of $4,502,000 (six months ended 30 June 2008: $2,035,000).

(b) In-orbit insurance of satellites

At 30 June 2009, the Group did not have full in-orbit insurance coverage for its satellites. The in-orbit satellites have a net book value in aggregate of $1,957,753,000 at 30 June 2009 (31 December 2008: $2,065,458,000).

(c) Effect of cost adjustment

According to an agreement signed with Thales Alenia Space France ("Thales") on 8 December 2001, the Group is entitled to a payment in the amount of US$1,500,000 (approximately $11,700,000) upon successful delivery of a satellite by Thales to its own customers with technical designs that are identical to APSTAR 6 satellite. During the period, $11,700,000 (six months ended 30 June 2008: $11,700,000) was recognised from Thales in respect of delivery of a satellite with the same technical design of APSTAR 6, and treated as a reduction to the cost of property, plant and equipment – communication satellites.

(d) Impairment loss

During 2008, the Group conducted a review of the Group's property, plant and equipment and determined that certain assets were impaired as the recoverable amount of these assets was estimated to be less than their carrying amount. Accordingly, an impairment loss of $8,397,000 in respect of a communication satellite, APSTAR 1A, and TV uplink and broadcasting equipment had been recognised and charged to income statement for the year ended 31 December 2008. During the six months period ended 30 June 2009, the Group conducted a review and it was concluded that no further impairment is required.

11. INVESTMENT PROPERTIES

Investment properties carried at fair value were revalued at 30 June 2009 at $4,943,000 (31 December 2008: $5,159,000) by Savills Valuation and Professional Services Limited, an independent professional property appraiser, on an open market value basis by reference to net rental income allowing for reversionary income potential. The valuation loss of $216,000 (six months ended 30 June 2008: gain of $117,000) has been recognised in the income statement during the six months ended 30 June 2009.

12. TRADE RECEIVABLES, NET

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

	At 30 June 2009 $'000	At 31 December 2008 $'000
0 – 30 days	**61,704**	57,087
31 – 60 days	**5,543**	2,920
61 – 90 days	**5,540**	2,532
91 – 120 days	**5,744**	2,379
Over 120 days	**3,837**	2,225
	82,368	67,143

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

13. OTHER FINANCIAL ASSETS

	At 30 June 2009 $'000	At 31 December 2008 $'000
Financial assets at fair value through profit and loss		
– unlisted financial assets in the PRC	**–**	102,277

Other financial assets as at 31 December 2008 were unquoted, interest bearing debt securities with an effective interest rate of 1.45%, and have been fully settled during the period.

14. PLEDGED BANK DEPOSITS

At 30 June 2009, the pledged bank deposits of $7,352,000 (31 December 2008: $808,000) are primarily related to certain commercial arrangements during the period.

15. CASH AND CASH EQUIVALENTS

	At 30 June 2009 $'000	At 31 December 2008 $'000
Deposits with banks and other financial institutions	**380,276**	114,046
Cash at bank and on hand	**248,550**	7,495
Cash and cash equivalents in the balance sheet and cash flow statement	**628,826**	121,541

16. PAYABLES AND ACCRUED CHARGES

All payables and accrued charges are expected to be settled within one year.

17. SECURED BANK BORROWINGS

	At 30 June 2009 $'000	At 31 December 2008 $'000
Bank loans, net of unamortised finance cost	**232,831**	–
Less: Amount due within one year included under current liabilities	**(46,230)**	–
Amount due after one year	**186,601**	–
At 30 June 2009, the bank borrowings are repayable as follows:		
Within one year or on demand	**46,230**	–
After one year but within five years	**186,601**	–
	232,831	–

On 29 June 2009, APT Satellite Company Limited ("APT HK"), a wholly-owned subsidiary of the Company, entered into a general banking facilities (the "Banking Facilities") arrangement, secured by certain properties of APT HK, assignment of cash receipts to be generated from contracts relating to APSTAR 2R and APSTAR 5, APSTAR 2R insurance claim proceeds, and charge over a charged account (the "Charged Account") which holds customer deposits and payments received on services provided or to be provided by APSTAR 2R and APSTAR 5 and any accrued interest within the Charged Account. At 30 June 2009, US$30,000,000 (approximately $234,000,000) has been drawn down against the Banking Facilities.

17. SECURED BANK BORROWINGS (continued)

The Banking Facilities contained the following covenants:

(i) Financial Covenants

The Banking Facilities required that certain financial ratios of the Group must be met over various periods during the term. The Company as the guarantor undertakes to ensure that (i) the Group maintains its aggregate consolidated net worth at not less than $1,600,000,000, (ii) the aggregate of consolidated total liabilities shall not exceed 120% of consolidated net worth and (iii) consolidated EBITDA at each financial year shall not be less than US$20,000,000.

(ii) Charged Account Conditions

APT HK shall maintain the Charged Account with deposits for not less than one month's interest of the term loan.

(iii) Others

The Banking Facilities include covenants customary for agreements of this type, including restrictions on APT HK and the Company's ability to incur additional indebtedness and certain ownership restrictions.

If the Group were to breach the covenants, the drawn down facilities would become payable on demand. For the period ended 30 June 2009, the Group complied with all of the above covenants.

At 30 June 2009, 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 $4,364,000 (31 December 2008: $4,422,000).

18. SHARE CAPITAL

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

19. SHARE OPTIONS

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

During the six months ended 30 June 2009 and 2008, no options were granted, exercised or cancelled under the Scheme 2002.

19. SHARE OPTIONS (continued)

Movements in share options

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

	2009 Number
At 1 January	3,290,000
At 30 June	3,290,000
Options vested at 30 June	3,290,000

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

Fair value of share options and assumptions

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

20. CONTINGENT LIABILITIES

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

(b) The Company has given bank guarantees in respect of certain secured banking facilities granted to a subsidiary of the Company. The extent of such facilities utilised at 30 June 2009 amounted to $234,000,000 (31 December 2008: nil).

21. COMMITMENTS

(a) Capital commitments

At 30 June 2009 and 31 December 2008, the Group has the following outstanding capital commitments not provided for in the Group's financial statements:

	At 30 June 2009 $'000	At 31 December 2008 $'000
Contracted for	**240**	534
Authorised but not contracted for	**10,966**	965
	11,206	1,499

In addition, at 30 June 2009, a subsidiary of the Company was contractually committed to enter into a termination of the 1999 lease agreement and ancillary agreement in respect of the remaining life of APSTAR 2R for an estimated amount of US$69,500,000 (approximately $542,000,000). The agreements are completed subsequent to the balance sheet date (see note 23(a)).

(b) Operating lease commitments

At 30 June 2009 and 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	Land and buildings $'000	**Satellite transponders capacity** $'000	**Total** $'000
At 30 June 2009			
Within one year	**190**	**–**	**190**
After one year but within five years	**17**	**–**	**17**
	207	**–**	**207**
At 31 December 2008			
Within one year	278	48	326
After one year but within five years	25	–	25
	303	48	351

22. MATERIAL RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2009	2008
	$'000	$'000
Income from provision of satellite transponder capacity and provision of satellite-based broadcasting and telecommunication services to subsidiaries of a shareholder of the Company (note i)	**26,029**	5,392
Income from provision of satellite transponder capacity and provision of satellite-based telecommunication services to a holding company and its subsidiaries of a shareholder of the Company (note i)	**22,980**	19,479
Management fee income from a jointly controlled entity (note ii)	**–**	240
Management fee expenses to a subsidiary of a shareholder of the holding company (note iii)	**(707)**	(346)

Notes:

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

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

(iii) Management fee expenses incurred for services rendered to a subsidiary of the Company.

22. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Key management personnel remuneration

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

	Six months ended 30 June	
	2009	2008
	$'000	$'000
Short-term employee benefits	**5,565**	5,725
Other long-term benefits	**364**	366
Performance related incentive payments	**–**	922
Termination benefits	**944**	1,511
	6,873	8,524

23. NON-ADJUSTING POST BALANCE SHEET EVENT

(a) On 9 July 2009, APT HK, a wholly-owned subsidiary of the Company, completed the termination of the 1999 Lease Agreement and Ancillary Agreement (the "Termination"), with Telesat Canada and Telesat Asia Pacific Satellite (HK) Limited (collectively "Telesats") in respect of the remaining life of APSTAR 2R for an agreed amount of US$68,855,000 (approximately $537,069,000).

Pursuant to the Termination, Telesats are refunded the remainder of advance lease payments previously made in return for the termination of unexpired leasing period from July 2009 and onward. Telesats' right of future replacement satellites to occupy the orbital slot currently used by APSTAR 2R has also been terminated in the same transaction. The original 1999 lease agreement and ancillary agreement were accounted for as a disposal of property, plant and equipment in the financial statements of the Group. It is expected that, with the Termination, the return of the remaining life span of transponders capacity will be treated as an addition to assets.

(b) Pursuant to various amended agreements entered into with Loral Orion Inc. ("Loral") in 2003, Loral has an option to take up four APT Transponders from the fourth year and another four APT transponders from the fifth year after completion of in-orbit test of APSTAR 5, for their remaining operational lives at a total consideration of approximately $282,865,000. On 29 September 2006 and 18 August 2008, Telesat Satellite LP ("Telesat", the successor of Loral) exercised its right to take up two and four Transponders, respectively, at a total consideration of approximately $70,716,000 and $141,433,000 respectively.

On 13 August 2009, Telesat exercised its option right to take up two transponders on APSTAR 5 for a consideration of US$9,066,000 (approximately $70,716,000).

24. COMPARATIVE FIGURES

As a result of the application of IAS/HKAS 1 (revised 2007), Presentation of financial statements, and IFRS/HKFRS 8, Operating segments, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2009. Further details of these developments are disclosed in note 2.

25. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE ANNUAL ACCOUNTING PERIOD ENDING 31 DECEMBER 2009

Up to the date of issue of this interim financial report, the IASB/HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the accounting period ending 31 December 2009 and which have not been adopted in this interim financial report.

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

	Effective for accounting periods beginning on or after
Amendments to IAS/HKAS 27, *Consolidated and separate financial statements*	1 July 2009
IFRS/HKFRS 3 (revised), *Business combinations*	1 July 2009

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that while the adoption of them may result in new or amended disclosures, it is unlikely to have a significant impact on the Group's results of operations and financial position.

ADDITIONAL INFORMATION

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2009, according to the register of interests in shares and short positions kept by the Company under section 336 of the Securities and Futures Ordinance ("SFO"), the following companies are directly and indirectly interested in 5 per cent or more of the issued share capital of the Company:

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

Note:

1. China Aerospace Science & Technology Corporation was deemed to be interested in the shares of the Company by virtue of its 44.47% shareholding in China Aerospace International Holdings Limited, which was deemed to be interested in the shares of the Company by virtue of its 100% shareholding in Sinolike Investments Limited, which was deemed to be interested in the shares of the Company by virtue of its 100% shareholding in CASIL Satellite Holdings Limited which holds 14,400,000 shares of the Company.

2. Temasek Holdings (Private) Limited was deemed to be interested in the shares of the Company by virtue of its 54.99% shareholding in Singapore Telecommunications Limited, which was deemed to be interested in the shares of the Company by virtue of its 100% shareholding in Singasat Private Limited.

Save as disclosed above, as at 30 June 2009, 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 2009, according to the register maintained by the Company pursuant to section 352 of the SFO, the director and chief executive of the Company had the following interests, all being beneficial owner unless otherwise stated, in the shares of the Company:

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

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

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

Save as disclosed above, as at 30 June 2009, according to the register maintained by the Company pursuant to section 352 of the SFO, none of the director or the chief executive of the Company had or was deemed to have an interest or short position in the shares and underlying shares of the Company nor any associated corporations (within the meaning of Part XV of the SFO), or which are required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Companies.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Changes in directors' biographical details since the date of the Annual Report 2008 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 2008, which are required to be disclosed pursuant to Rule 13.51(2) and Rule 13.51B(1) of the Listing Rules, are set out below.

– Mr. Rui Xiaowu, the Chairman of the Company, currently is the Deputy General Manager of China Aerospace Science & Technology Corporation beginning April 2009. Mr. Rui had been appointed as the General Manager of China Satellite Communications Corporation during the period from June 2006 to March 2009.

– Mr. Tong Xudong resigned as the Executive Director & Vice President of the Company and the member of each of the Nomination Committee and Remuneration Committee of the Company on 1 June 2009.

– Mr. Wu Jinfeng was appointed as the Non-Executive Director of the Company on 1 June 2009.

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

SHARE OPTION SCHEMES

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

During the period from 1 January 2009 to 30 June 2009, no option was granted under the Scheme 2002, which will expire on 21 May 2012.

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

The total number of shares available for issue under the existing share option schemes (Scheme 2001 and Scheme 2002) is upon exercise of all share options granted and yet to be exercised 3,290,000, which represents 0.80% of the issued shares of the Company and not exceeding 10% of the shares of the Company in issue on the adoption date of the Scheme 2002 (i.e. 412,720,000 shares). As at 30 June 2009, the total number of shares of the Company in issue was 413,265,000 shares.

SHARE OPTION SCHEMES (continued)

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

	Options granted on 19 June 2001 and remain outstanding as at 1 January 2009	Options cancelled during the period	Options outstanding as at 30 June 2009
Name of director and chief executive:			
Lo Kin Hang, Brian *(Vice President and Company Secretary)*	800,000	–	800,000
Chen Xun *(Vice President)*	260,000	–	260,000
Yang Qing *(Vice President)*	130,000	–	130,000
	1,190,000	–	1,190,000
Employees in aggregate:			
Employees under continuous employment contract	3,290,000	–	3,290,000

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

CORPORATE GOVERNANCE

CODE ON CORPORATE GOVERNANCE PRACTICES

Throughout the six months ended 30 June 2009, the Company has met the code provisions ("Code Provision") set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules, save for the following Code Provisions:

A4.1: the non-executive directors of the Company are not appointed for a specific term given they shall retire from office by rotation once every three years except the Chairman of the Board and the President in accordance with the Bye-laws of the Company; and

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

MODEL CODE

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

Having made specific enquiry of all directors, the Company's directors have confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions throughout the period from 1 January 2009 to 30 June 2009.

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

During the six months ended 30 June 2009, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

In the meeting on 19 September 2009, 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 2009, and discussed auditing and internal control matters. The Audit Committee comprises of four independent non-executive directors including Dr. Lui King Man, Dr. Huan Guocang, Dr. Lam Sek Kong and Mr. Cui Liguo.

KPMG

INDEPENDENT REVIEW REPORT

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 11 to 33 which comprises the consolidated balance sheet of APT Satellite Holdings Limited (the "Company") as of 30 June 2009 and the related consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and explanatory notes.

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

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2009 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

19 September 2009