

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") hereby announces the audited results of the Company and its subsidiaries (the "Group") in respect of the financial year ended 31 December 2002, which had been prepared in accordance with the accounting principles generally accepted in Hong Kong.

RESULTS

For the financial year ended 31 December 2002, the Group's turnover and net profit attributable to shareholders were HK\$351,425,000 (2001: HK\$374,158,000) and HK\$24,435,000 (2001: HK\$78,009,000) respectively. Basic earnings per share was HK5.92 cents (2001: HK18.90 cents).

DIVIDENDS

In view of future business development needs, the Board does not recommend any payment of final dividend for the financial year ended 31 December 2002 (2001: HK5 cents).



Mr. Liu Ji Yuan
Chairman

BUSINESS REVIEW

The Group's three in-orbit satellites, together with their corresponding telemetry, tracking and control systems, have been operating well. For the year ended 31 December 2002, the utilization rate of APSTAR I, APSTAR IA and APSTAR IIR was 56%, 66% and 100% respectively, which was basically identical to the utilization rate corresponding to the first six month of 2002.

BUSINESS ENVIRONMENT

Sluggish worldwide economy during the second half of the 2002 continued to weaken the demand for transponders in the Asia-Pacific region. Intense market competition continued to exert a downward pressure on the lease rate of transponders.

APSTAR V

Upon commissioning in January 2001, Space System/Loral Inc. ("SS/L") has since carried out the full-scale construction of APSTAR V that has 54 transponders. At present, satellite construction has entered the final stage. The Group will continue to monitor the progress of construction, which has remained smooth to this date. The satellite is scheduled for delivery in July 2003, and will be launched by Sea Launch Limited Partnership in September 2003.

Mr. Chen Zhaobin
Executive Director and President



On 23 September 2002, APT Satellite Company Limited ("APT"), a wholly-owned subsidiary of the Company, entered into the Term-sheet (the "Term-sheet") with Loral Orion Inc. ("Loral Orion"), a wholly owned subsidiary of Loral Space and Communications Limited. Under the Term-sheet, Loral Orion agreed to participate in the development through taking up 50% of the investment of APSTAR V project on an equal proportion basis in order to obtain 27 transponders at the amount of approximately US\$115 million. Details of the deal had been set out in the circular of 7 October 2002 to shareholders. The Group believes that the cooperation will greatly reduce project investment and market risk of the APSTAR V project. At the same time, this will relieve the pressure on the Group's cashflow.

APSTAR VI (Formerly APSTAR VB)

On 11 December 2001, the Group commissioned the construction of APSTAR VI with a view to replace APSTAR IA that is due to expire at the end of 2006. This is a high power satellite constructed by Alcatel Space and equipped with 38 C-band and 12 Ku-band transponders. In March 2002, Alcatel Space informed APT that they had received unconditional approval from the French government for the delivery APSTAR VI to the PRC for launching on board the LM-3B launch vehicle. The construction of the satellite has been smooth, and it is scheduled for delivery in the fourth quarter of 2004.

The procurements of APSTAR V and APSTAR VI are fully in line with the future development needs of the Group's satellite broadcasting and telecommunications businesses.



From left: Mr. Brian Lo, Vice President and Company Secretary; Mr. Victor Kwok, Vice President; Mr. Cui Xinzheng, Executive Director and Vice President; Mr. Chen Zhaobin, Executive Director and President; Mr. He Dongfeng, Executive Director and Vice President; Mr. Wu Shou Kang, Chief Engineer.

Satellite TV Broadcasting Platform

APT Satellite TV Development Limited ("APT TV"), the Company's wholly-owned subsidiary, is in the course of establishing a satellite TV broadcasting platform based on the TV broadcasting license granted by The Government of HKSAR. The satellite TV broadcasting platform has been developing well. During the first half of 2002, the Group increased investments in uplinks and downlinks, and TV-programme transmission and broadcasting facilities. As a result, the APT TV's programme-transmission capacity was increased to 18 channels to accommodate the future demand for satellite TV program services, enhancing the capacity of the APT TV's satellite TV broadcasting platform and develop the Group's satellite broadcasting business.

Furthermore, in April 2002, APT TV established an associate company with Eurosport, Societe Anonyme ("Eurosport"). Based on their respective strength, APT TV and Eurosport have provided the China market with satellite TV broadcasting services, and the first sports news channel commenced broadcasting in July 2002. In December 2002, the associate company signed an agreement with China International TV Corporation and obtained the permit for limited broadcasting in China. This project is in line with the Group's overall strategy to further develop its satellite TV platform, and will bring forth revenue to the Group.

Satellite Control Centre Phase II (the "Centre")

To prepare for the control and operation of APSTAR V and APSTAR VI, and at the same time provide satellite TV broadcasting and telecommunications services, Satellite Control Centre Phase II was completed in February 2002, and had immediately commenced commercial operation. The Centre is equipped with a data center of 14,700 sq.ft., which



To prepare for the control and operation of APSTAR V and APSTAR VI, and to provide satellite broadcasting and telecommunications services, the building of the Satellite Control Centre Phase II was completed in February 2002. The Centre is built with a data centre of 14,700 sq.ft., which has also started commercial operation. In addition, APT is in the process of setting up the Telemetry, Tracking and Control System for APSTAR V in the Satellite Control Centre Phase II.

has also started commercial operation and generating revenue. In addition, the Group had completed the installation of satellite broadcasting facilities in the Centre for the development of the satellite TV broadcasting platform.

External Telecommunications Services

APT Satellite Telecommunications Limited ("APT Telecom"), a jointly controlled entity of the Group is actively rolling out external telecommunication services under the cable-based and satellite-based external telecommunications network services license. APT Telecom is now in full gear in the construction of an integrated telepark (the "Telepark") adjacent to the Group's Satellite Control Centre. The construction of the Telepark is expected to complete in mid-2003 for the provision of various kinds of telecommunications services.

BUSINESS PROSPECTS

The worldwide economy is expected to remain uncertain in 2003. It is therefore foreseeable that the development of broadcasting and telecommunications businesses in the Asia-Pacific region will remain sluggish. As competition will remain intense, the utilisation rate and rental income will continue to be compressed.



The management of the Group has continued to re-formulate its strategy for future development. The Group will do its best to maintain its present business performance and to seek opportunities for business growth. Furthermore, the Group will remain watchful for changes in the external environment so as to adjust its corporate strategies whenever necessary, with a view to maintaining business growth and boosting its corporate value.

Development of APSTAR V and APSTAR VI

The Group will closely monitor the construction and delivery of the two satellites to ensure that APSTAR I and APSTAR IA will be safely replaced. At the same time, close contact will be maintained with the launching company and insurance company to ensure that adequate preparation be made for the launching and insurance of APSTAR V.

Business Development

Facing intense market competition, the Group will further consolidate its core business in satellite transponders and strive to develop new satellite-related businesses. Through the development of the satellite broadcasting platform and its newly established telecommunications business, the Group will strengthen its customer base and expand its market coverage to boost revenue.

CONCLUSION

It will be difficult for the economic environment to improve significantly in the coming year owing to uncertain elements affecting the external environment. Market competition will remain intense. Under such unfavourable conditions, the Group will do its best to maintain its present performance in business and seek out opportunities for stable development. Under the new corporate strategy, the Group will consolidate and develop its transponder business on one hand, while at the same time develop new satellite broadcasting and telecommunications businesses on the other, with a view to maintain



The newly installed satellite TV broadcasting facilities in the Satellite Control Centre Phase II has started to provide satellite TV uplink and broadcasting services via its satellite TV broadcasting platform. It can operate up to 18 satellite TV channels.

business growth and boost its corporate value. The Group will continue to maintain a prudent treasury policy and remain watchful for changes in the external environment in order to adjust the corporate policy whenever necessary.

NOTE OF APPRECIATION

On behalf of all shareholders and the Board, I would like to take this opportunity to thank all the customers of the Group for their support, and to express our sincere appreciation to all staff members of the Group for their contribution during the year.

LIU Ji Yuan

Chairman

Guilin, China, 7 April 2003