

Mr. Liu Ji Yuan
Chairman



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 2004, which had been prepared in accordance with the accounting principles generally accepted in Hong Kong.

RESULTS

For the financial year ended 31 December 2004, the Group’s turnover and consolidated loss attributable to shareholders amounted to HK\$277,260,000 (2003: HK\$302,241,000) and HK\$57,757,000 (2003: HK\$224,718,000) respectively. Basic loss per share was HK13.98 cents (2003: HK54.43 cents).

DIVIDENDS

In view of the needs of future business development, the Board does not recommend any payment of final dividend for the financial year ended 31 December 2004 (2003: Nil).

BUSINESS REVIEW

The Group’s three in-orbit satellites, namely APSTAR V, APSTAR IA and APSTAR IIR, together with their corresponding telemetry, tracking and control systems, have been operating under normal condition. Though the global economy especially the economy of the Asia Pacific had been improving and favorable, the transponder markets in Asia Pacific region including the Mainland China remained highly competitive. There was no sign of significant improvement in trading environment in transponder markets in the region because of the supply over demand situation and the growth of demands were still very slow. The transitional stages of APSTAR I and APSTAR IA had further worsen the utilisation rates of the satellites. As of 31 December 2004, the utilisation rates of APSTAR V, IA, and IIR were at 50.27%, 59.50%, and 100% respectively.



Mr. Chen Zhaobin
*Executive Director
and President*

APSTAR V

APSTAR V, which is the fourth in-orbit satellite of the Group, was launched on board of a Sea Launch Zenit-3SL launch vehicle on 29 June 2004 (Hong Kong time). The satellite had successfully completed all in-orbit testing and commenced commercial operation on 13 August 2004 at its geostationary orbital slot at 138 degree east. The customer migration process that moved customers from APSTAR I to APSTAR V was completed in customer satisfaction. Apart from the original APSTAR I customers, APSTAR V has attracted new customers and usages such as CableTV. The transaction of six C-band transponders between the Group and Singapore Telecommunications Limited had successfully been completed in September 2004.

APSTAR V is a high power satellite, supplied by Space System/Loral Inc. with 38 C-band and 16 Ku-band with an estimated operation mission life of 15.3 year. The satellite C-band transponders cover Asia, Australia, New Zealand, the Pacific Islands and Hawaii whereas Ku-band transponders cover Mainland China, India, Taiwan, Hong Kong and Korea. It will host cable programming, direct-to-home broadcasting, Internet and VSAT services within Asia while providing an inter-connection to the United States. The commencement of APSTAR V would enhance the competitiveness of the Group in transponder services market by providing the most superior satellite communication and broadcasting services and global connectivity to customers for years to come.

APSTAR V satellite was launched from the Odyssey Launch Platform aboard a Sea Launch Zenit-3SL launch Vehicle on 29 June 2004 at 11:59 a.m. Hong Kong time.



Subsequent to the commencement of APSTAR V, APSTAR I was re-located to other orbital slot and has been operating in inclined orbital mode. APT Satellite Company Limited ("APT HK"), a wholly-owned subsidiary of the Group entered into an utilisation agreement on 22 October 2004 under which APT HK will provide the transponders services to National Astronomical Observatories of the Chinese Academy of Sciences for the remaining life of APSTAR I. The utilisation fees and annual management fees will contribute to the profits of the Company.

APSTAR VI

The construction of APSTAR VI has been completed. The Interface Review between the satellite and launch vehicle and the Launch Site Review were completed in November 2004. As an important part of the preparation, both APT HK and Alcatel Space have completed the Telemetry, Tracking & Control System (the "TT&C System") installation and rehearsal in December 2004. On 28 February 2005, Alcatel Space, the supplier of APSTAR VI presented the satellite for Shipment Readiness Review (SRR) following which, the satellite has been delivered to the launch site at Xichang where it will be launched around 12 April 2005 by the launch vehicle, LM-3B, provided by the launch service provider, China Great Wall Industry Inc. ("CGWIC"). The satellite, which is a high power satellite with 38 C-band and 12 Ku-band transponders, is a replacement satellite for APSTAR IA.



On 29 June 2004, APT Satellite Group hosted a APSTAR V Launch Broadcast reception at APT Satellite Control Center in Tai Po to witness the launch of APSTAR V together with our customers.

In the very unlikely event of catastrophic launch failure of APSTAR VI, the Group will recognise a capital loss of approximately HK\$390,000,000 (US\$50,000,000) due to insufficient insurance coverage. Nevertheless, the claimed payment under the catastrophic launch failure (which will be approximately HK\$1,365,000,000 (US\$175,000,000) in the case of total loss), will be sufficient to fully repay the outstanding principal of the term loan and the balance of the claimed payment of approximately HK\$460,200,000 (US\$59,000,000) which together with a new bank loan and internal generated funds, is considered sufficient to finance APSTAR VIB project. There can be no assurance that financing from a new bank loan will be available at all or that, if available, will be obtained at a favorable term. The Directors also believe the market value of APSTAR VIB is similar to that of APSTAR VI. In the event of the occurrence of launch risk of APSTAR VI, the Group will appoint an independent professional valuer to value APSTAR VIB.

APSTAR VIB

In view of the risk of the launch of APSTAR VI, it is necessary for the Group to have a contingency plan safeguarding the replacement arrangement of APSTAR IA and to secure a launching slot for the smooth transponder services provided by the Group. On 10 November 2004, APT HK entered into an option agreement with CGWIC pursuant to which APT HK will be granted a right to require CGWIC to provide for the design, construction, delivery and launch of APSTAR VIB to a designated orbital slot. The details of the discloseable transaction can be referred to the announcement made by the Company on 12 November 2004.

The up-linking Ceremony conducted jointly by Hong Kong Cable Television Limited and APT Satellite Holdings Limited at APT Group's headquarter in Tai Po.



Satellite TV Broadcasting Platform

APT Satellite TV Development Limited ("APT TV"), a wholly-owned subsidiary of the Group has successfully established a satellite TV uplink and broadcasting services platform (the "Broadcasting Platform") for broadcasting services under the Satellite TV Uplink and Downlink Licence of Hong Kong Special Administrative Region. As at 31 December 2004, the Broadcasting Platform uplinks and broadcasts up to 34 satellite TV channels for CETV, SunTV, CableTV, Phoenix, Celestial Movies etc.

Subsequent to the disastrous event of tsunami in December 2004, the Company had made use of its transponder capacities and uplink and broadcasting services to provide free of charge support to our customers who involved in voluntary events.

Satellite-based Telecommunications Services

APT Telecom Services Limited, a wholly-owned subsidiary of the Group holds the Fixed Carrier Licence of Hong Kong and continues to provide satellite-based external telecommunications services such as VSAT and wholesales voice services.

BUSINESS PROSPECTS

The year 2005 will still be a challenging year. It is forecast that the broadcasting and telecommunication businesses will continue to grow slowly. However, the market competition will still be fierce due to supply over demand. The successful launch of APSTAR V and APSTAR VI will significantly strengthen the competitive edges of the Company and the performance of the Company will soon be improved.



APT Satellite Group and the customers visited Alcatel Space in France in December 2004 to have an update on APSTAR VI progress.

Development of APSTAR V and APSTAR VI

The initial in-orbit operation of APSTAR V has been smooth. The Group will continue to strengthen its marketing and sales for market competition.

The Group will closely monitor the final launch preparation of APSTAR VI ensuring that it will be launched successfully as planned. The Group has taken the launch and initial in-orbit insurance for the launch of APSTAR VI so as to control the risk of the launch. More details can be referred to the Company's announcement made on 15 March 2005. After the successful launch of APSTAR VI, the Company will transfer all the existing customers of APSTAR IA to APSTAR VI smoothly.

Corporate Governance

In an effort to further improve the corporate governance of the Group and comply with the relevant rules and regulations, the Company has substantially adopted the Code of Corporate Governance Practices as required by the rules (the "Listing Rules") governing the listing of securities on the Stock Exchange of Hong Kong Limited. Accordingly, the Company has revised the Terms of Reference of Audit Committee and has established the Nomination Committee and the Remuneration Committee. The Group has set up the Internal Audit team who directly report to Audit Committee. The Group has also set up the Internal Control Committee and Compliance Committee for the strengthening of internal control and compliance.

CONCLUSION

Over the coming twelve months, the market competition will still be very keen. The year 2005 will still be a big challenge to the Company. However, following the gradual improvement of the economy of Asia Pacific region and the commencement of both APSTAR V and APSTAR VI, the Company will leverage its additional transponder capacities in market competition to improve its operation performance and develop new satellite broadcasting and telecommunication businesses for new business growth. The Group will continue to keep up high standard of corporate governance especially in internal control system and compliance.

NOTE OF APPRECIATION

On behalf of all shareholders and the Board, I would like to thank all the customers of the Group for their support. I also express my sincere appreciation to all staff members of the Group for their contribution during the period.

Liu Ji Yuan

Chairman

Xichang, China, 11 April 2005