

CHAIRMAN'S STATEMENT

The Board of Directors (the "Board") of APT Satellite Holdings Limited (the "Company") hereby announces the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2006.

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

INTERIM RESULTS

The Group's turnover and loss attributable to shareholders amounted to HK\$207,996,000 (2005: HK\$144,252,000) and HK\$21,139,000 (2005: HK\$10,390,000) respectively. Basic loss per share was HK5.12 cents (2005: HK2.51 cents).

INTERIM DIVIDEND

In view of the loss recorded for the first half of 2006 and the need of the Group's future development, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2006 (2005: Nil).

BUSINESS REVIEW

The Group's five satellites, APSTAR V, APSTAR VI, APSTAR IIR, APSTAR I, and APSTAR IA, together with their corresponding telemetry, tracking and control systems, have been operating under normal condition during the period. The commencement of APSTAR VI in June 2005 further strengthened the competitive edge of the Group in market competition. As of 30 June 2006, the utilization rates of APSTAR V and APSTAR VI were at 69.9%, and 40.4% respectively.

APSTAR VI

APSTAR VI satellite is a high power satellite with 38 C-band transponders and 12 Ku-band transponders, located at geostationary orbital slot 134 degrees East longitude. This satellite will provide high power Asia Pacific footprints with its C-band transponders covering China, India, Southeast Asia, Australia, South Pacific Islands, Guam and Hawaii, while its Ku-band focusing China market. It has a strong neighborhood effect due to the presences of CCTV and other Chinese broadcasters and will become one of the most popular multilingual and multicultural satellite platforms in Asia Pacific Region.

APSTAR V

APSTAR V operates at geostationary orbital slot 138 degrees East longitude. APSTAR V is a high power satellite with 38 C-band and 16 Ku-band transponders. Its C-band transponders cover China, India, Southeast Asia, Australia, New Zealand, South Pacific Islands, Guam and Hawaii whereas its Ku-band transponders cover Mainland China, India, Taiwan, Hong Kong and Korea. It supports various transponder services including DTH broadcasting, Internet and VSAT services within Asia while providing an inter-connection between the United States and major Asian cities.

With the commencements of APSTAR V and APSTAR VI, the Group can provide the latest advanced and comprehensive satellite communication and broadcasting services to our customers thereby strengthening the competitive edge in marketing of the Group.

Forming Strategic Alliance in Sales and Marketing with Intelsat

On 2 December 2005, Intelsat Limited (“Intelsat”) and APT Satellite Company Limited (“APT HK”), a subsidiary of the Group signed a strategic cooperation agreement to expand businesses using the combined satellite fleets of both parties and to market each other’s satellite capacity and ground resources, as well as to provide broadcast and telecommunications services to the Asia Pacific region, including China.

This strategic move allows Intelsat to access the Asia Pacific market through APSTAR V and APSTAR VI. APT HK can have access to Intelsat’s capacity. As part of the alliance, the two companies have agreed to explore additional growth initiatives such as IPTV, uplink services in the Asia-Pacific region, including China.

It is expected that the strategic alliance will strengthen the Group’s marketing reach enabling the Group to provide more comprehensive services to its customers.

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 2006, the number of satellite TV channels up-linked and broadcast by APT TV was increased to 64 channels, representing an increase of approximately 21% as compared to year end in 2005.

Satellite-based Telecommunications Services

APT Telecom Services Limited (“APTS”), a wholly-owned subsidiary of the Group, provides satellite-based external telecommunication services to telecommunication operators of the region under the Fixed Carrier Licence of Hong Kong. APTS continues to provide VSAT, wholesales voice services, facilities management services and teleport uplink services to Hong Kong and Asian based telecommunication users including satellite operators, telecommunication operators, ISPs, and wholesale voice players contributing to the Group’s revenue.

Both uplink and broadcasting services and telecommunication services enable the Group to strengthen its competitive edge by offering “One-stop-Shop Services” and expand to the customer base of the Group.

BUSINESS PROSPECTS

The economic growth in the Asia Pacific region including China will continue to drive the demand of transponders 2006. We expect the steady growth in new customers and additional utilizations in transponder services and telecommunications or broadcasting services. However, the market competition and price pressure due to over-supply of transponders will still be a concern. The Group expects APSTAR V and APSTAR VI will continue to increase in utilizations and expand our market shares further in the second half of 2006.

FINANCE

As at 30 June 2006, the Group's financial position remains sound with gearing of 42 % (total liabilities/total assets). The Liquidity Ratio (current assets/current liabilities) is 1.66 times. The total equity of the Group is HK\$2,038,566,000. The Group has cash and cash equivalents amounting HK\$227,569,000 and pledged bank deposits HK\$60,396,000. The capital expenditure for the six months ended 30 June 2006 was approximately HK\$2,453,000. With respect to the latest development of tax dispute in relation to APSTAR IIR, please refer to note 12(iii) of the interim financial report.

CORPORATE GOVERNANCE

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

CONCLUSION

The market competition has been fierce and transponders in the region are still oversupply. The Group expects that APSTAR V and APSTAR VI will continue to beef up the Group's market competition thereby improving the Group's performance in the coming years.

NOTE OF APPRECIATION

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

Liu Ji Yuan
Chairman

Shenzhen, China, 11 September 2006