

# Chairman's Statement



**Mr. Rui Xiaowu**  
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 2006, which had been prepared in accordance with the accounting principles generally accepted in Hong Kong.

## RESULTS

For the financial year ended 31 December 2006, the Group's turnover and loss attributable to equity shareholders amounted to HK\$426,988,000 (2005: HK\$336,512,000) and HK\$79,480,000 (2005: HK\$135,564,000) respectively. Basic loss per share was HK19.23 cents (2005: HK32.80 cents).

## DIVIDENDS

In view of the loss recorded for the year of 2006 and meeting the Group's future need, the Board has resolved not to declare any payment of final dividend for the financial year ended 31 December 2006 (2005: nil).

## BUSINESS REVIEW

The Group's in-orbit satellites and their corresponding telemetry, tracking and control system (TT&C system) have been operating under normal condition during the period. The Group has achieved significant growth in utilization rates for APSTAR VI, despite the fierce market competition. As of 31 December 2006, the utilization rates of APSTAR V and APSTAR VI were at 71% and 65% respectively.

## APSTAR VI

Being the latest advanced high power satellite in the Asia Pacific region, APSTAR VI has been welcomed by customers. Its utilization has been increased from 45% in 31 December 2005 to 65% as at 31 December 2006 evidencing the strengthening of competitive edges of APT in the region.

# Chairman's Statement



**Mr. Ni Yifeng**  
Executive Director  
and President

## APSTAR V

APSTAR V has recorded its utilization rate at 71% as at 31 December 2006.

Both APSTAR V and APSTAR VI have provided the latest advanced and comprehensive satellite communication and broadcasting services to our customers. The effective improvement of transponder resources together with the strengthening of marketing activities of our group in the region has resulted in the significant increase in utilization rates of our satellites especially in the sales in South East Asia and Taiwan.



The "Users' Meetings 2006" were held in Hong Kong on 15-20 October and 19-24 November respectively.

# Chairman's Statement

## Forming Strategic Alliance in Sales and Marketing with Intelsat

Subsequent to the signing of a strategic cooperation agreement by and between APT and Intelsat Limited ("Intelsat") on 2 December 2005, both sides have entered into master agreements which provide a cooperative framework for the transponder service between APT and Intelsat in December 2006. This strategic move allows Intelsat to make use of APSTAR V and APSTAR VI in the region. Meanwhile, APT can have access to Intelsat's capacity.

Both APT and Intelsat are interested in exploring additional growth initiatives such as IPTV, uplink services in the region which will help expand the Group's scopes of business.

## Satellite TV Broadcasting and Uplink Services

APT Satellite TV Development Limited ("APT TV"), a wholly-owned subsidiary of the Group, has successfully established the satellite TV broadcasting platform based on the Satellite TV Uplink and Downlink Licence of Hong Kong. As of 31 December 2006, APT TV uplink and broadcast up to 68 satellite TV channels for the region.

## Satellite-based Telecommunications Services

APT Telecom Services Limited ("APTS"), a wholly-owned subsidiary of the Group, provides satellite-based external telecommunication services such as VSAT, wholesales voice services, facilities management services, and teleport uplink services under the Fixed Carrier Licence of Hong Kong to telecom operators or users of the region including satellite operators, ISPs, and wholesale voice players.

Both broadcasting and telecommunication services boost the Group competitive edge and help expand the customer base of the Group.

## BUSINESS PROSPECTS

APT has experienced significant demand growth in the Asia Pacific region in the second half of 2006. It is anticipated that the growth of demand will grow steadily in 2007. Meanwhile, the utilization rates of APSTAR V and APSTAR VI will continue to increase as a result of the increase of demand in services for transponder broadcasting, and telecommunication. Though, the market competition and price pressure will continue to exist throughout the coming year, the Group believes APSTAR V and APSTAR VI will be successful in market competition in 2007.



"ITU TELECOM WORLD 2006" was held on 4-8 December in Aisa World Expo, Hong Kong. APT Satellite Company Limited ("APT"), one of the exhibitions of this event, focused on promoting APSTAR-V and APSTAR-VI.

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## FINANCE

As at 31 December 2006, the Group's financial position remains sound with gearing ratio (total liabilities/total assets) is approximately at 42%. The Liquidity Ratio (current assets/current liabilities) is at 1.6 times. The amount attributable to equity shareholders of the Group is HK\$1,980,442,000. The Group has free cash and cash equivalents amounting HK\$341,325,000 and pledged bank deposits of HK\$89,190,000. The tax dispute of APSTAR IIR has been settled as detailed in note 6(a) to the financial statements.

## CORPORATE GOVERNANCE

The Group is committed to high standard of corporate governance especially in internal control and compliance. Please refer to the Corporate Governance Report contained in this Annual Report.

## NOTE OF APPRECIATION

I would like to thank all our customers and friends for their support, as well as to express my appreciation to all staff of the Group for their contribution to the Group during the period.

**Rui Xiaowu**

*Chairman*

Shenzhen, China, 11 April 2007